



Forum Pacific <forumpacificinc@gmail.com>

Forum Pacific Inc. - SEC Form 20-IS Preliminary_23August2023

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
To: forumpacificinc@gmail.com

Wed, Aug 23, 2023 at 10:35 AM

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----- NOTICE TO
COMPANIES -----

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15. BP-FCLC 20. S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through <https://efast.sec.gov.ph/user/login>.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at <https://efast.sec.gov.ph/user/login> :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – <https://apps010.sec.gov.ph/>

For your information and guidance.

Thank you.

Certification

I, Annabelle T. Abunda, Compliance Officer of Forum Pacific, Inc., with SEC registration number AS93000120 with principal office at 35th Flr. One Corporate Center, Doña Julia Vargas, cor. Meralco Ave., Ortigas Center, Pasig City, on oath state:

- 1) That on behalf of Forum Pacific, Inc., I have caused this Preliminary Information Statement (PIS) SEC Form IS-20 to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company, Forum Pacific, Inc., will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereto set my hands this 23 AUG 2023 day of _____, 2023.



Affiant

TIN: 205-231-659

SUBSCRIBED AND SWORN to before me this 23 AUG 2023 day of _____, 2023.

DOC. NO. 392
PAGE NO. 80
BOOK NO. 15
SERIES OF 29

NOTARY PUBLIC
ATTY. LETICIA M. AMON
Notary Public
Pasig, Pateros & San Juan
Valid Until December 31, 2023
Roll No. 22188
PTR AA No. 0112306/01-03-23
Lifetime IBP Member No. 04286
Official Receipt No. 574709. IBP Chapter
MCLE Compliance No. VII-0000050/6-18-2019
Ground Flr. Armal Centre, U. Velasco, Ave.
Malinao, Pasig City

COVER SHEET

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SEC Registration No.

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(Company's Full Name)

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A	V	E.		O	R	T	I	G	A	S		C	E	N	T	E	R,		P	A	S	I	G		C	I	T	Y
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(Business Address : No. Street City / Town / Province)

Atty. Arsenio A. Alfiler Jr.

Contact Person

(632) 706-7888

Contact Tel No./Fax No.

1	2
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3	1
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Fiscal Year

				2	0	-	I	S			
	P	R	E	L	I	M	I	N	A	R	Y

FORM TYPE

3rd Monday of April

Month	Day
Annual Meeting	

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

Amended Articles Number/Section

860

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

[illegible]

Document I.D.

Cashier

Cashier

STAMPS

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Remarks = pls. use black ink for scanning purposes

20-IS PRELIMINARY: FPI



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NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Dear Stockholder:

Please be advised that the annual meeting of the stockholders of **FORUM PACIFIC INC.** (the "Corporation"), in accordance to SEC Memorandum Circular No. 6, Series of 2020 will be held on Wednesday, **October 04, 2023 at 2:00 p.m** and in light of the COVID-19 pandemic, to ensure the safety and welfare of our stockholders, the meeting will be conducted virtually via secure online meeting (zoom application) platform to pass upon the matters:

1. Call to Order;
2. Certification of Notice and Quorum;
3. Approval of the Minutes of the Previous Stockholders' Meeting for the year 2022;
4. President's Report to the Stockholders for the Year 2022 and Approval of the Annual Report;
5. Ratifications of the Acts of the Board and Management;
6. Election of the Board of Directors to Serve for the Term 2023-2024;
7. Appointment of External Auditor;
8. Appointment of External Counsel;
9. Other matters; and
10. Adjournment.


The record date for the purpose of determining the stockholders who are entitled to vote in said stockholders' meeting is **September 08, 2023**. The stock and transfer book will be closed from **September 11, 2023 to October 04, 2023**.

PARTICIPATION ONLY VIA REMOTECOMMUNICATION. Stockholders can only participate in the meeting by remote communication on **October 04, 2023**. Stockholders as of **September 08, 2023**, the Record Date, who intend to participate or be represented in the virtual annual stockholders meeting may register by notifying the Corporation by email at **forumpacific.ASM@gmail.com** not later than October 3, 2023 and shall first submit a copy of proof of identity, ownership and other certification/information for validation purposes and/or duly accomplished proxy instrument for a representative to the virtual meeting, if applicable. After validation, the stockholder shall thereafter receive an email confirmation and details with link to log in and view the annual stockholders' meeting 2023 of the recorded schedule.

VOTES MAY BE CAST ONLY THROUGH ONLINE CASTING OF VOTES/PROXIES ON OR BEFORE **October 02, 2023** (at 10:00A.M.). Stockholders whose shareholdings are lodged with the Philippine Central Depository are reminded to secure a certification of your shareholdings from your respective stockbrokers.

WE ARE NOT SOLICITING YOUR PROXY.

Pasig City, Philippines, August 22, 2023


ATTY. ARSENIO A. ALFILER, JR.
Corporate Secretary
Unit 3104, 31st Floor Antel Global Corporate Centre
#3 Dona Julia Vargas Avenue, Ortigas Center, Pasig City

BALLOT / PROXY FORM

Please mark as applicable:

☐ **Vote By Ballot:** The undersigned stockholder of **FORUM PACIFIC, INC.** (the "Company") casts his/her vote on the agenda items for the Annual Meeting of Stockholders on **October 4, 2023**.

☐ **Vote By Proxy:** The undersigned, stockholder of **FORUM PACIFIC, INC.** (the "Company"), do hereby constitutes and appoints _____, or in his/her absence, the Chairman of the meeting, as attorney-in-fact and proxy, with the power of substitution, to represent and vote upon _____ shares registered in the name of undersigned stockholder, at the Annual Meeting of Stockholders on **October 4, 2023** and any of its adjournment(s). If I fail to indicate my vote on the items specified below, my proxy shall vote in accordance with the recommendation of Management. Management recommends a "FOR ALL" vote for proposal 9, and a "FOR" vote for proposals 1 through 8.*

ITEM NO.	SUBJECT MATTER	ACTION		
		Yes	No	Abstain
3	• Approval of Minutes of Previous Meeting held on October 5, 2022			
4	• Approval of Annual Financial Statements as of December 31, 2022			
5	• Ratification of all acts and resolutions of the Board of Directors and Management adopted during the preceding year.			
6	• Election of Directors *All nominees listed below Ruben D. Torres Kenneth T. Gatchalian Elvira A. Ting Lamberto B. Mercado, Jr. Arthur R. Ponsaran Richard L. Ricardo Omar M. Guinomla Sergio R. Ortiz-Luis, Jr. Renato C. Francisco (<i>Independent Director</i>) Josaias T. Dela Cruz (<i>Independent Director</i>) Aristeo R. Cruz (<i>Independent Director</i>) <i>Note:</i> <i>To withhold authority to vote for any individual nominee(s) of Management, please mark Exception box and list the name(s) under.</i>	FOR ALL*	WITHHOLD FOR ALL*	EXCEPTION
7	• Appointment of Diaz Murillo Dalupan and Co. CPAs, as external auditor for 2023			
8	• Appointment of Corporate Counsels, Phils. Law Offices as external legal counsel for 2023			
9	• At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the Meeting.			

Signed this _____ day of _____ 2023.

PRINTED NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER /
NAME AND SIGNATURE OR AUTHORIZED REPRESENTATIVE

*THIS BALLOT/PROXY FORM SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE OCTOBER 2, 2023. KINDLY EMAIL TO **FORUMPACIFIC.ASM@GMAIL.COM**

THIS BALLOT/PROXY FORM IS NOT REQUIRED TO BE NOTARIZED, AND WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANYTIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON.

THE FULL DETAILS OF THE REGISTRATION AND VOTING PROCEDURES WILL BE AVAILABLE ON THE COMPANY'S WEBSITE. PLEASE GO TO <http://forumPacific.com/annualstockholdersmeeting.html>

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
SECURITIES REGULATION CODE**

1. Check the appropriate box:
☒ Preliminary Information Statement
☐ Definitive Information Statement
2. Name of Registrant as specified in its charter : **FORUM PACIFIC, INC.
(the "Corporation")**
3. Province, country or other jurisdiction of incorporation or organization : **Metro Manila, Philippines**
4. SEC Identification Number : **AS93000120**
5. BIR Tax Identification Code : **002-155-598-000**
6. Address of Registrant's Principal Office : **35th Flr. One Corporate Center, Doña Julia Vargas Ave., cor. Meralco Ave., Ortigas Center, Pasig City**
7. Registrant's telephone number, including area code : **(632) 8706-7888**
8. Date, time and place of Stockholder's Meeting : **October 4, 2023 at 2:00p.m.
35th Flr. One Corporate Center, Doña Julia Vargas Ave., cor. Meralco Ave., Ortigas Center, Pasig City (virtually or via remote communication in accordance with SEC Memorandum Circular No. 6 series of 2020)**
9. Approximate date on which the Information Statement will be published through alternative mode of distribution through the Corporation's website and PSE Edge : **September 14, 2023**
10. In case of Proxy Solicitation : **Not Applicable**
11. Securities registered pursuant to Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	No. of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares – P1.00 par value	Issued and Outstanding – 1,838,943,246

12. Are any or all of registrants' securities listed on the Philippine Stock Exchange?

Yes x

No

The common shares of the Corporation are listed on the Philippine Stock Exchange.

PART 1

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

Date, Time, and Place of Meeting

: **October 4, 2023**

2:00 P.M.

35th Flr. One Corporate Center, Doña Julia Vargas Ave., cor. Meralco Ave., Ortigas Center, Pasig City (virtually or via remote communication in accordance with SEC Memorandum Circular No. 6 series of 2020)

Complete Registrant's Mailing Address

: **35th Flr. One Corporate Center, Doña Julia Vargas Ave., cor. Meralco Ave., Ortigas Center, Pasig City**

The approximate date on which the Information Statement will be published through alternative mode of distribution through the Corporation's website and PSE Edge

: **September 14, 2023**

Item 2. Dissenters' Right of Appraisal

Under Section 80 of the Revised Corporation Code of the Philippines, stockholders who dissent to certain corporate actions are given the right of appraisal. Among others, appraisal rights are available to dissenters in case the corporation invests its funds in another corporation or business for any purpose other than its primary purpose. The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a demand on the corporation within thirty (30) days after the date on which the vote was taken for the payment of the fair value of his shares.

There are no matters or proposed corporate actions to be taken up during the annual stockholders meeting which may give rise to a possible exercise by security holders of their appraisal rights under Title X of the Revised Corporation Code of the Philippines.

THE STOCKHOLDER MUST VOTE AGAINST THE PROPOSED CORPORATE ACTION IN ORDER TO AVAIL HIMSELF OF THE APPRAISAL RIGHT

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted upon

Each of the incumbent Directors or Officers of the Corporation since the beginning of the last fiscal year or any associate of any of the foregoing persons do not have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon.

None of the incumbent Directors of the Corporation has issued any notice in writing of an intention to oppose any action to be taken by the registrant at the meeting.

B. CONTROL AND OTHER INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Class of Voting Shares as of July 31, 2023;

Common Shares:	Shares Outstanding	No. of Vote Each Share is Entitled
Filipino	1,798,528,304	One (1) vote per share
Foreign	40,414,942	One (1) vote per share
Total	1,838,943,246	

The Corporation has 1,838,943,246 outstanding common shares, the only shares traded by the Corporation as of July 31, 2023. Every stockholder shall be entitled to one vote for each share of stock held as of the established record date.

Record Date:

(b) All stockholders of record as of September 8, 2023 are entitled to notice and vote at the Corporation's Annual Meeting of the Stockholders.

(c) Manner of Voting:

The election of directors shall be taken up at the meeting and pursuant to Section 23 of the Revised Corporation Code. The holders of common stock are entitled to one vote per share but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at the close of business on the record date, multiplied by the number of directors to be elected. A stockholder may cast all such votes for a single nominee or may apportion such votes among any two or more nominees.

The report attached to this SEC Form 20-IS is the management report to stockholders required under SRC Rule 20 to accompany the SEC Form 20-IS and is hereinafter referred to as the "Management Report".

Security Ownership of Certain Record and Beneficial Owners and Management

(1.) Security Ownership of Certain Record and Beneficial Owners

As of July 31, 2023, the Corporation knows of no one who beneficially owns in excess of 5% of the Corporation's common stock except as set forth in the table below.

The percentage of shares held is based on the outstanding shares of 1,838,943,246 plus the treasury shares of 36,056,750.

Title of Class	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of total o/s shares
Common	International Polymer Corporation T. Santiago St., Canumay, Valenzuela City (Stockholder)	same as record owner*	Filipino	496,887,494	26.501
Common	PCD Nominee Corporation 37/F Tower 1, The Enterprise Center, 6766 Ayala Ave. Cor. Paseo De Roxas, Makati City (Stockholder)	PCD Participants and their clients**	Filipino	428,185,374	22.837
Common	The Wellex Group Inc., 35th Flr., One Corporate Center, Doña Julia Vargas Ave., cor Meralco Ave., Ortigas Center, Pasig City (Stockholder)	same as record owner***	Filipino	376,950,000	20.104

*International Polymer Corporation ("IPC") is a significant shareholder of the Company. As per By-laws and the Corporation Code, the Board of Directors of IPC has the power to decide how the IPC shares in Forum Pacific Inc. are to be voted. Either Ms. Elvira A. Ting, Corporate Treasurer, or its Chairman is assigned to vote as proxy on behalf of IPC.

**The clients of each company have the power to decide how their shares are to be voted. Natural persons authorized to vote the shares of PCD Nominee cannot be identified until the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney-in-fact.

***The Wellex Group, Inc. ("TWGI") is a significant shareholder of the Company. As per By-laws and the Corporation Code, the Board of Directors of TWGI has the power to decide how the TWGI shares in Forum Pacific Inc. are to be voted. Either Ms. Elvira A. Ting, Corporate Treasurer, or its Chairman is assigned to vote as proxy on behalf of TWGI.

(2.) Security Ownership of Directors and Management (As of July 31, 2023):

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Atty. Ruben D. Torres	100 (direct)	Filipino	0.000
Common	Elvira A. Ting	400,001 (direct)	Filipino	0.021
Common	Kenneth T. Gatchalian	100 (direct)	Filipino	0.000
Common	Atty. Lamberto B. Mercado, Jr.	100 (direct)	Filipino	0.000
Common	Richard L. Ricardo	100 (direct)	Filipino	0.000
Common	Atty. Arthur R. Ponsaran	1 (direct)	Filipino	0.000
Common	Omar M. Guinomla	100 (direct)	Filipino	0.000
Common	Sergio R. Ortiz-Luis, Jr.	100 (direct)	Filipino	0.000
Common	Renato C. Francisco	100 (direct)	Filipino	0.000
Common	Josaias T. Dela Cruz	100 (direct)	Filipino	0.000
Common	Atty. Aristeo R. Cruz	20,000 (direct)	Filipino	0.001
	Atty. Arsenio A. Alfiler, Jr.	-	Filipino	0.000
	Annabelle T. Abunda	-	Filipino	0.000
All directors and officers as a group		420,802		0.022

(3.) Voting Trust Holders of 5% or more
There are no voting trust holders of 5% or more.

(4.) Changes in Control
There is no change in control of the Corporation and there is no arrangement of which may result in change of control.

(d) No change in control of the corporation has occurred since the beginning of its last year.

Item 5. Directors and Executive Officers

Information required hereunder is incorporated by reference to the section entitled "Directors and Executive Officers of the Registrant" on pages 61-66 of the Management Report.

Presented below is the final list of candidates for directors. The following are expected to be nominated to the Board of Directors of the Corporation for the ensuing year:

1.	Atty. Ruben D. Torres	7.	Omar M. Guinomla
2.	Elvira A. Ting	8.	Sergio R. Ortiz-Luis, Jr.
3.	Kenneth T. Gatchalian	9.	Renato C. Francisco – Independent Director
4.	Atty. Lamberto B. Mercado, Jr.	10.	Josaias T. Dela Cruz – Independent Director
5.	Richard L. Ricardo	11.	Atty. Aristeo R. Cruz – Independent Director
6.	Atty. Arthur R. Ponsaran		

The aforementioned nominees are all incumbent directors. Their qualifications are presented on pages 61-66 of Management Report. Mr. Renato C. Francisco, Mr. Aristeo R. Cruz and Mr. Josaias T. Dela Cruz will be serving their 4th, 3rd and 3rd year, respectively, as independent directors when elected during the annual meeting. A company's independent director shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from re-election as such. In the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting pursuant to SEC Memorandum Circular No. 4 Series of 2017 (Term Limit of Independent Directors).

The Certifications of Independent Directors executed by the aforementioned independent directors of the Corporation are attached hereto (Please refer to pages 22-25).

Ms. Elvira A. Ting recommended the nomination of the foregoing candidates for independent directors. She has no relationships with these nominees.

None of the candidates for independent directors of the Corporation are related to Forum Pacific Inc.

The members of the Nomination Committee of the Corporation are the following:

1. Sergio R. Ortiz-Luis, Jr. – Chairman
2. Josaias T. Dela Cruz – Member (Independent Director)
3. Atty. Ruben D. Torres – Member

The members of the Executive Committee are the following:

1. Elvira A. Ting – Chairman
2. Kenneth T. Gatchalian – Member
3. Sergio R. Ortiz-Luis, Jr. – Member
4. Richard L. Ricardo – Member
5. Atty. Lamberto B. Mercado, Jr. – Member

Information required by the SEC under SRC Rule 38 on the nomination and election of Independent Directors.

A. Definition

1. An independent director is a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the corporation and includes, among others, any person who:
 - 1.1 Is not a director or officer or substantial stockholder of the corporation or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;
 - 1.2 Does not own more than two percent (2%) of the shares of the corporation and/or its related companies or any of its substantial shareholders;
 - 1.3 Is not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
 - 1.4 Is not acting as a nominee or representative of any director or substantial shareholder of the corporation, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;
 - 1.5 Has not been employed in any executive capacity by the corporation, any of its related companies and/or by any of its substantial shareholders within the last two (2) years;
 - 1.6 Is not retained, either personally or through his firm or any similar entity, as professional adviser, by the corporation, any of its related companies and/or any of its substantial shareholders, within the last two (2) years; or
 - 1.7 Has not engaged and does not engage in any transaction with the corporation and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial.
2. No person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of this Code, committed within five (5) years prior to the date of his election, shall qualify as an independent director. This is without prejudice to other disqualifications which the corporation's Manual on Corporate Governance provides.
3. Any controversy or issue arising from the selection, nomination or election of independent directors shall be resolved by the Commission by appointing independent directors from the list of nominees submitted by the stockholders.
4. When used in relation to a company subject to the requirements above:
 - 4.1 Related company means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and
 - 4.2 Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

B. Qualifications and Disqualifications of Independent Directors

1. An independent director shall have the following qualifications:
 - 1.1 He shall have at least one (1) share of stock of the corporation;
 - 1.2 He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;
 - 1.3 He shall possess integrity and probity; and
 - 1.4 He shall be assiduous.
2. No person enumerated under Section II (5) of the Code of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:
 - 2.1 He becomes an officer or employee of the corporation where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under letter (A) hereof;
 - 2.2 His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the corporation where he is such director;
 - 2.3 Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family;
 - 2.4 Such other disqualifications that the Corporate Governance Manual provides.

C. Number of Independent Directors

All companies are encouraged to have independent directors. However, issuers of registered securities and public companies are required to have at least two (2) independent directors or at least twenty percent (20%) of its board size, whichever is the lesser.

D. Nomination and Election of Independent Directors

1. The Nomination Committee (the "Committee") shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the corporation's information or proxy statement or such other reports required to be submitted to the Commission.
2. Nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.
3. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.
4. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Corporation is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.
5. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent director/s. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained nor allowed on the floor during the actual annual stockholders' meeting.
6. Election of Independent Director/s
 - 6.1 Except as those required under this Rule and subject to pertinent existing laws, rules and regulations of the Commission, the conduct of the election of independent director/s shall be made in accordance with the standard election procedures of the company or its by-laws.

6.2 It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent director/s. He shall ensure that independent director/s is elected during the stockholders' meeting.

6.3 Specific slot/s for independent directors shall not be filled-up by unqualified nominees.

6.4 In case of failure of election for independent director/s, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

E. Termination/Cessation of Independent Directorship

In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Committee otherwise, said vacancies shall be filled by the stockholders in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.

The procedures for the "Nomination and Election of Independent Directors pursuant to SRC Rule 38" are to be incorporated in the By-Laws of the Corporation. The Board of Directors approved the amendments to the Corporation's By-Laws to adopt SRC Rule 38 on December 14, 2004.

The By-Laws of the corporation were amended after the Stockholders' meeting on July 1, 2011 which includes the provisions of SRC Rule 38, as approved by the Board of Directors and Stockholders during the last Stockholders' meeting dated December 14, 2004.

F. Term Limits for Independent Directors

Pursuant to SEC Memorandum Circular No. 4 Series of 2017, the Commission in its en banc meeting on March 9, 2017 resolved to amend its rules on the term limit of independent directors as follows:

1. A company's independent director shall serve for a maximum cumulative term of nine (9) years;
2. After which, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify as a non-independent director;
3. In the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting; and
4. Reckoning of the cumulative nine-year term is from 2012.

Significant Employees

There are no other employees other than the officers mentioned in the preceding subsection who are expected to make significant contribution to the business.

Family Relationships

Ms. Elvira A. Ting, the President/Director, is Mr. Kenneth T. Gatchalian's aunt, the Treasurer/Director. There are no family relationships up to the fourth civil degree either by consanguinity or affinity among other directors, executive officers, persons nominated or chosen by the corporation to become directors, or executive officers other than the above.

Involvement in Certain Legal Proceedings

For the past 5 years up to July 31, 2023, the Company is not aware of any bankruptcy proceedings filed by or against any business of a director, person nominated to become a director, executive officer or control person of the Company is a party or of which any of their property is subject.

For the past 5 years up to July 31, 2023, the Company is not aware of any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, of any of its director, person nominated to become a director, executive officer, or control person.

For the past 5 years up to July 31, 2023, the Company is not aware of any order, judgment or decree not subsequently reversed, superseded, or vacated, by any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting the involvement of a director, person nominated to become a director, executive officer, or control person of the Company in any type of business, securities, commodities, or banking activities.

For the past 5 years up to July 31, 2023, the Company is not aware of any findings by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of its director, person nominated to become a director, executive officer, or control person has violated a securities or commodities law.

Certain Relationships and Related Transactions

In previous years, Forum Pacific, Inc. extended/obtained advances to/from related parties to finance the exploration activities of the related parties and to fund the overhead expenses of the Company. These advances are, in general, do not have fixed repayment terms and do not carry interest. (Note 11 of the Audited Financial Statements as of and for the year ended December 31, 2022)

Ownership Structure and the Company

Forum Pacific Inc. previously owned 60% of the stockholdings of Forum Coal Cebu Holdings, Inc. (FCCHI), a domestic corporation registered with the Philippine SEC on February 3, 2006. Its primary purpose is to acquire, hold and dispose of bonds, debentures, promissory notes, shares of capital and the likes, without engaging as a dealer or broker of securities. Its registered office is located at 14th Floor, Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City. FCCHI has 60% ownership of Forum Cebu Coal Corporation (FCCC), a domestic corporation which holds 100% interest in one (1) Coal Operating Contract in Cebu-COC 131.

FCCHI sold all of its shareholdings of FCCC on September 23, 2009 and decided to liquidate its business through shortening of its corporate term until November 30, 2009. FCCHI was formally dissolved pursuant to a resolution duly adopted by the FCCHI's Board of Directors and Stockholders representing at least two-thirds (2/3) of the outstanding capital stock dated October 9, 2009. Such dissolution was subsequently approved by the SEC on July 6, 2012.

On July 19, 2012, FPI Board of Directors approved the write-off of the investment in FCCHI. As per Corporation Code of the Philippines, upon approval by the SEC of the amended Articles of Incorporation to shorten the corporate term, the corporation shall be deemed dissolved without any further proceedings. Hence, starting 2012, the Company needs not present consolidated financial statements.

Resignation of Directors Due to Disagreement

There are no directors who resigned or decline to stand for re-election because of disagreement.

Item 6. Compensation of Directors & Executive Officers

The following table list the names of the Corporation's Directors and Executive Officers' Annual Compensation for the three most recent years including the estimated compensation for year 2023.

For the year 2022, Mr. Sergio R. Ortiz-Luis, Jr., Mr. Ruben D. Torres, Mr. Renato C. Francisco, Mr. Aristeo R. Cruz and Mr. Josaias T. Dela Cruz, were the only external and independent directors who received a per diem of ₱10,000 each for attending the Annual Stockholders' Meeting. No other payments were made as director's fee other than the mentioned per diem for the year 2022. On the same matter, there is none to report for the period January 2023 to present.

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Atty. Ruben D. Torres <i>Chairman</i>	2023 (est)	-	-	10,000
	2022	-	-	10,000
	2021	-	-	10,000
Elvira A. Ting <i>President/CEO/Director</i>	2023 (est)	-	-	-
	2022	-	-	-
	2021	-	-	-
Kenneth T. Gatchalian <i>Treasurer/Director</i>	2023 (est)	-	-	-
	2022	-	-	-
	2021	-	-	-
Renato C. Francisco Josaias T. Dela Cruz Atty. Aristeo R. Cruz <i>Independent Directors</i>	2023 (est)	-	-	30,000
	2022	-	-	30,000
	2021	-	-	30,000

Sergio Ortiz-Luis, Jr. <i>Director</i>	2023 (est)			10,000
	2022			10,000
	2021			10,000
Atty. Lamberto B. Mercado, Jr. Omar Guinomla Richard L. Ricardo Atty. Arthur Ponsaran & All Other Officers	2023 (est)	-	-	-
	2022	-	-	-
	2021	-	-	-

The members of the Compensation Committee are the following:

1. Atty. Ruben D. Torres – Chairman
2. Sergio R. Ortiz-Luis, Jr. – Member
3. Kenneth T. Gatchalian – Member

Standard Arrangement

Except for a nominal amount of per diem amounting to ₱10,000 during attendance in regular meetings, there are no standard arrangements to which directors of the Corporation are compensated, or are to be compensated, directly or indirectly for any services provided as a director for the last completed calendar year and ensuing year.

As mentioned, due to tight cash position of the Company, it was agreed that only External and Independent Directors were given a per diem of ₱10,000 during attendance in regular meetings. For the year 2022, here is the list of Directors who received a per diem:

	Name	Position	Per Diem
1.	Sergio R. Ortiz-Luis, Jr.	Regular Director	10,000.00
2.	Ruben D. Torres	Regular Director	10,000.00
3.	Renato C. Francisco	Independent Director	10,000.00
4.	Josaias T. Dela Cruz	Independent Director	10,000.00
5.	Aristeo R. Cruz	Independent Director	10,000.00

Other Arrangements

There are no other arrangements pursuant to which any director of the Corporation was compensated, or is to be compensated directly or indirectly for any services provided as a director for the last completed calendar year and ensuing year, for any service provided as a director.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There is no employment contract and termination of employees and change-in-control arrangement with directors and executive officers.

Warrants and Options Outstanding

There are no warrants and options outstanding held by Forum Pacific Inc.'s CEO, executive officers and all officers and directors as a group.

Item 7. Appointment of Independent Public Accountants

- a. Diaz Murillo Dalupan and Company, CPAs, upon recommendation by the Audit Committee of the Board of Directors composed of Mr. Aristeo R. Cruz as Chairman and Mr. Sergio R. Ortiz-Luis, Jr. and Mr. Ruben D. Torres as members, was re-appointed by the stockholders as the principal external auditors for the years 2022 and 2021, and is again being recommended to the stockholders for re-election as the Company's principal external auditors for the year 2023. The selection of external auditors is made on the basis of credibility, professional reputation, accreditation with the Securities and Exchange Commission and affiliation with a reputable foreign partner. The professional fees of the external auditors are approved by the Company after approval by the stockholders of the engagement and prior to the commencement of each audit season.
- b. In compliance with SEC Rule 68 paragraph 3(b)(iv) (Rotation of External Auditors), and as adopted by the Company, external auditors or engagement partners are rotated or changed every five years or earlier. Mr. Jozel Francisco C. Santos was the lead engagement partner in 2014 to 2015 and Ms. Rosemary D. De Mesa in 2016 to 2018. Lead engagement partner in 2019-2022 was Mr. Richard Noel M. Ponce and was recommended again for 2023.

- c. Representatives of the said firm are expected to be present at the stockholders' meeting and they will have the opportunity to make statement if they desire to do so and are expected to be available to respond to appropriate questions.
- d. The members of the Audit Committee of the Corporation are the following:
 - 1. Atty. Aristeo R. Cruz – Chairman (Independent Director)
 - 2. Sergio R. Ortiz-Luis, Jr. – Member
 - 3. Atty. Ruben D. Torres – Member

External Audit Fees and Services

Fees approved in connection with the audit and audit-related services rendered by Diaz Murillo and Company pursuant to the regulatory and statutory requirements for the years ended December 31, 2022 and 2021 amounted to ₱543,312 and ₱517,440 respectively, inclusive of 12% VAT and 10% out-of-pocket expenses*.

No other service such as tax and assurance audit was provided by external auditors to the Company for the calendar year 2022 and 2021.

**Out of Pocket Expenses are expenses incurred in the course of the audit such as printing, postage, transportation, communication and other expenses.*

The Audit Committee Approval Policies and Procedures for the services rendered by the External Auditors

The Corporate Governance Manual of the company provides that the audit committee shall, among others:

- 1. Evaluate all significant issues reported by the external auditors relating to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company.
- 2. Ensure that other non-audit work provided by the external auditors is not in conflict with their functions as external auditors.
- 3. Ensure the compliance of the Company with acceptable audit and accounting standards and regulations.

The Company submitted its Integrated Annual Corporate Governance Report (ACGR) on May 29, 2023 covering the year 2022.

The independent directors have submitted their Certificate of Qualification as required by the SEC vis-à-vis Section 38 of the Securities Regulation Code.

Changes in and disagreements with Accountants and Financial Disclosure

There are no changes in and disagreements with accountants on accounting and financial disclosure.

Item 8. Compensation Plans

Not applicable.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

Forum Pacific, Inc. has no plans yet to increase its authorized capital stock.

Item 10. Modification or Exchange of Securities

Forum Pacific, Inc. has no plans yet to modify any of each authorized and issued securities or to exchange them to another class.

Item 11. Financial and Other Information

Audited Financial Statements as of 31 December 2022, Management's Discussion and Analysis and Market Price of Shares and other data related to the Corporation's financial information are attached hereto. The schedules required under Part IV(c) of Rule 68 are included in the Annual Report.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There is no action intended to be taken with respect to any transaction involving the following: (1) the merger or consolidation of the Corporation into or with any other entity; (2) the acquisition by the

Corporation or any of its stockholders of securities of another person or entity; (3) the acquisition by the Corporation of any other going business or of the assets thereof; (4) the sale or other transfer of all or any substantial part of the assets of the Corporation; and (5) the liquidation or dissolution of the Corporation.

Item 13. Acquisition or Disposition of Property

There is no action to be taken with respect to any material acquisition or disposition of any property of the Corporation.

Item 14. Restatement of Accounts

There is no action to be taken with respect to the restatement of any asset, capital, or surplus account of the Corporation.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

There is no action to be taken with respect to any report of the Company or its directors, officers or committees, except for the approval of the minutes of the previous annual stockholders meeting of the company which was held last October 5, 2022 and for the ratification of all acts of the Board of Directors during their term of office.

The previous Annual Stockholders' Meeting held on October 5, 2022 was attended, in person or by proxy, by the stockholders representing 987,529,595 common shares, constituting 53.70% of the total outstanding capital stock of the Company as of record date September 9, 2022. The attendance constituted a quorum for the approval of all matters in the agenda. The Board of Directors, Officers, external legal counsels and external auditors were also present in the said meeting. Summary of attendance for the determination of quorum as prepared and tabulated by the company's stock transfer agent, BDO Unibank, Inc. of last annual stockholders' meeting held on October 5, 2022 is as follows:

FORUM PACIFIC, INC. DETERMINATION OF QUORUM ANNUAL STOCKHOLDER'S MEETING - OCTOBER 5, 2022			
STOCKHOLDER'S NAME	PROXY	NO. OF SHARES	PERCENTAGE
GATCHALIAN, WILLIAM T.	ELVIRA A. TING / CHAIRMAN	100,001	0.01%
FORUM HOLDINGS CORP.	ELVIRA A. TING / CHAIRMAN	180,000	0.01%
FORUM HOLDINGS CORP.	ARSENIO ALFILER, JR. / CHAIRMAN	10,000	0.00%
FORUM HOLDINGS CORP.	AMANDO PONSARAN, JR. / CHAIRMAN	10,000	0.00%
INTERNATIONAL POLYMER CORP.	ELVIRA A. TING / CHAIRMAN	496,887,494	27.02%
THE WELLEX GROUP	ELVIRA A. TING / CHAIRMAN	1,950,000	0.11%
THE WELLEX GROUP	ELVIRA A. TING / CHAIRMAN	375,000,000	20.39%
WESTLINK GLOBAL EQUITIES, INC. (PCD)	ELVIRA A. TING / CHAIRMAN	113,342,100	6.16%
WESTLINK GLOBAL EQUITIES, INC. (PCD)	KRISTINE A. MONTERDE / CHAIRMAN	10,000	0.00%
WESTLINK GLOBAL EQUITIES, INC. (PCD)	KAREN MAE S. ABARRA / CHAIRMAN	10,000	0.00%
WESTLINK GLOBAL EQUITIES, INC. (PCD)	FLORAVICK ANA B. ABAYA / CHAIRMAN	10,000	0.00%
WESTLINK GLOBAL EQUITIES, INC. (PCD)	FRANCIS ANGELO T. VALENTON / CHAIRMAN	10,000	0.00%
WESTLINK GLOBAL EQUITIES, INC. (PCD)	KIMBERLY MAE MAAT / CHAIRMAN	10,000	0.00%
TOTAL BY PROXY:		987,529,595	
TOTAL ISSUED & OUTSTANDING CAPITAL:		1,838,943,246	
% TO ISSUED & OUTSTANDING CAPITAL:		53.70	

The following directors and officers were present during the 2022 annual stockholders' meeting:

	Name	Position
1.	Atty. Ruben D. Torres	Chairman/Independent Director
2.	Elvira A. Ting	President/Director
3.	Kenneth T. Gatchalian	Treasurer/Director
4.	Richard L. Ricardo	Investor Relation Officer/Director
5.	Atty. Arthur R. Ponsaran	Director
6.	Omar M. Guinomla	Director
7.	Atty. Lamberto B. Mercado Jr.	Director
8.	Sergio R. Ortiz-Luis, Jr.	Director
9.	Atty. Aristeo R. Cruz	Independent Director
10.	Renato C. Francisco	Independent Director
11.	Josaias T. Dela Cruz	Independent Director
12.	Atty. Arsenio A. Alfiler, Jr.	Corporate Secretary
13.	Annabelle T. Abunda	Compliance Officer

An affirmative vote by the stockholders owning at least a majority of the outstanding capital stock was sufficient for the approval of the above items.

All the items of the agenda from previous year's meeting were approved by the stockholders and the voting results as follows (% based on the attendees):

Agenda	Voting Results		
	For	Against	Abstain
Approval of Minutes of Previous Meeting	100%	0.00%	0.00%
Approval of Annual Report for the year ended December 31, 2020	100%	0.00%	0.00%
Ratification of acts of the Board and Management	100%	0.00%	0.00%
Election of Board of Directors			
Atty. Ruben D. Torres	100%	0.00%	0.00%
Elvira A. Ting	100%	0.00%	0.00%
Kenneth T. Gatchalian	100%	0.00%	0.00%
Richard L. Ricardo	100%	0.00%	0.00%
Atty. Arthur R. Ponsaran	100%	0.00%	0.00%
Omar M. Guinomla	100%	0.00%	0.00%
Atty. Lamberto B. Mercado Jr.	100%	0.00%	0.00%
Atty. Aristeo R. Cruz	100%	0.00%	0.00%
Sergio R. Ortiz-Luis, Jr.	100%	0.00%	0.00%
Renato C. Francisco	100%	0.00%	0.00%
Josaias T. Dela Cruz	100%	0.00%	0.00%
Election of External Auditor	100%	0.00%	0.00%
Election of External Counsel	100%	0.00%	0.00%
Other Matters	100%	0.00%	0.00%

The minutes of the previous meeting last October 5, 2022 contains the approval of the following:

- 1) Minutes of Stockholders meeting held on October 27, 2021;
- 2) Audited Financial Statements for the year ended December 31, 2021;
- 3) Ratification of Corporate Acts of the Board of Directors and Officers of the corporation;
- 4) Election of Directors
- 5) Appointment of External Counsels;
- 6) Appointment of External Auditors;

The stockholders and its representative were given a chance to ask questions to the Board of Directors after each discussion of the agenda of the meeting. The registered stockholders and its proxies were also advised to send their questions in advance through **forumpacific.asm@gmail.com**. Minutes of the Annual Stockholders Meeting and Organizational Meeting were available in the company website.

The method by which votes counted from previous meeting:

The 2022 Annual Stockholders' Meeting was conducted via remote communication using Zoom Meeting. Stockholders who notified the Corporation of their intention to participate were given a chance to vote either in absentia or through proxy during their registration or in the given date of casting of votes from

September 13 to October 3, 2022. The said registered stockholders and confirmed proxies were given the meeting link and password of the Annual Stockholders' Meeting. The counting of votes was done by the Corporate Secretary with the assistance of the representative of the Corporation's Stock Transfer Agent, BDO, Unibank, Inc. All votes attaching to the shares owned by stockholders whose proxies were received by the Corporation were casted in accordance with the instructions given or authority granted under proxies. The Corporate Secretary recorded all the votes and proceedings of the stockholders and of the Directors in a book kept for that purpose.

For the upcoming Annual Stockholders' Meeting on October 4, 2023, stockholders will be asked to approve or ratify during the annual stockholders meeting the following matters:

1. The Annual Report and Audited Financial Statements for the year ended December 31, 2022 will be presented to the stockholders for approval by a majority vote of the stockholders. Approval of the Annual Report and Audited Financial Statements constitutes a ratification of the corporation's performance during the previous fiscal year contained therein.
2. Minutes of the Annual Stockholders' Meeting held last October 5, 2022 will also be presented to the stockholders for approval by a majority vote of the stockholders.
3. Ratification of the corporate acts of the board of directors, committees and executive officers of the Corporation since October 5, 2022 by a majority vote of the stockholders.
4. Election of members of the board of directors for a term of one (1) year.
5. Appointment of Diaz Murillo Dalupan and Company, CPAs (DMDC) as external auditors of the Company.
6. Appointment of Corporate Counsels, Philippines as external legal counsels of the Company.

Below is a summary of the Corporate Acts of the Board of Directors and Executive Officers subject to ratification of the stockholders:

October 5, 2022

Annual stockholders' meeting for 2022 agenda of which includes:

- a) Approval of minutes of 2021 stockholders' meeting
- b) Election of members of the board of directors for the year 2022-2023
- c) Approval of 2021 Audited Financial Statements
- d) Appointment of External Auditors
- e) Appointment of External Counsels

November 21, 2022

Approval to designate authorized signatories of the Corporation for all transactions of the Corporation with the Corporation's Stock Transfer Agent, BDO Unibank, Inc. and Securities Registrar, Philippine Depository and Trust Corporation.

February 16, 2023

Approval of the amendment of MC28 Report to designate new alternative e-mail address of the Corporation in compliance with SEC Memorandum Circular No. 28 series of 2020.

Authorization of designated individuals to represent the Corporation to transact with the Bureau of Internal Revenue.

April 12, 2023

Approval of the audited financial statements including independent auditor's report for the year ended December 31, 2022.

May 19, 2023

Approval of the postponement of the Annual Stockholders' Meeting to 1st Wednesday of October instead of holding it during the month of May as required in the By-Laws of the Corporation due to lack of time to prepare all the needed materials and documents such as Audited Financial Statements, Information Statement and Management Report.

July 5, 2023

Approval to designate company representative to transact with the Bureau of Internal Revenue.

August 22, 2023

Setting the date of the annual stockholders' meeting on October 4, 2023 at 2:00 in the afternoon, virtually or via remote communication. The Board also set September 8, 2023 as record date for purposes of determining the shareholders entitled to receive Notice of Meeting and to vote and be elected during the said meeting.

In year 2022, no material information on the current stockholders, and their voting rights as well as in directors' disclosures on self-dealing and related party transactions.

For appraisal and performance report for the board and the criteria and procedure for assessment, please refer to the corporate governance report 2022, which stated that the principle is indicated in the Company's Revised Manual on Corporate Governance. But due to minimal operations of the Company, there was no written self-assessment of each individual or committee's performance.

Attendance Report on the attendance of Members of the Board during 2022 regular and special meetings:

	Meetings 2022				Total No. of Meetings Held	Total No. of Meetings Attended	% of Attendance
	Apr 11	Aug 22	Oct 5*	Nov 21			
Ruben D. Torres	✓	✓	✓	✓	4	4	100%
Kenneth T. Gatchalian	✓	✓	✓	✓	4	4	100%
Elvira A. Ting	✓	✓	✓	✓	4	4	100%
Arthur R. Ponsaran	✓	✓	✓	✓	4	4	100%
Lamberto B. Mercado, Jr.	✓	✓	✓	✓	4	4	100%
Richard L. Ricardo	✓	✓	✓	✓	4	4	100%
Sergio Ortiz-Luis, Jr.	✓	✓	✓	✓	4	4	100%
Renato C. Francisco	✓	✓	✓	✓	4	4	100%
Aristeo R. Cruz	✓	✓	✓	✓	4	4	100%
Josaias T. Dela Cruz	✓	✓	✓	✓	4	4	100%
Omar M. Guinomla	✓	✓	✓	✓	4	4	100%

*ASM and Organizational Meeting

Item 16. Matters Not Required to be Submitted

There is action to be taken with respect to any matter which is not required to be submitted to a vote of the stockholders.

Item 17. Amendment of Charters, By-Laws & Other Documents

Except for the following, no other amendment was made by the Corporation as of this report:

1. Amendment of the Article III of the Articles of Incorporation, as amended at a meeting of the Board of Directors held on March 11, 2011 and at the stockholders' meeting held on July 8, 2011 and approved by the Securities and Exchange Commission (SEC) on September 30, 2011. (Change of principal office address from 22nd Floor Citibank Tower, 8741 Paseo De Roxas, Makati City to 35th Floor One Corporate Centre, Doña Julia Vargas cor. Meralco Ave., Brgy. San Antonio, Ortigas Center, Pasig City).
2. Amendment of Section 9-13 of the Article III of Corporation's By-Laws as amended at the meeting of the Board of Directors and stockholders held on December 16, 2004 and approved by SEC on September 30, 2011. [Formation of different committees (executive, audit, nomination, compensation and other board committees) including definition of duties and responsibilities].
3. Amendment of the Article I of the Articles of Incorporation (amending the name of the Corporation from Air Philippines International Corp. to Forum Pacific, Inc.) as amended at the meeting held by the Board of Directors held on May 2, 2000 and at the stockholders' meeting held on August 8, 2000 and approved by the SEC on November 20, 2000.

Item 18. Other Proposed Action

As of this report, there are no other matters which the Board of Directors intends to present or has reason to believe others will present at the meeting.

Item 19. Voting Procedures

(A) An affirmative vote by the stockholders owning at least a majority of the outstanding capital stock shall be sufficient for the approval of:

1. Minutes of the Previous Stockholders' Meeting held on October 5, 2022;
2. 2022 Audited Financial Statements;
3. Ratification of Corporate Acts of the Board of Directors and Officers of the corporation;
4. Appointment of External Counsels;
5. Appointment of External Auditors;
6. Any other proposed action

(B) An affirmative vote by the stockholders owning at least a majority of the outstanding capital stock and majority of the Board of Directors shall be sufficient to amend the By-Laws and adopt new By-Laws. As stated:

Article VII of the By-Laws also provides that the By-Laws may be amended or repealed by stockholders owning or representing a majority of the outstanding capital stock and by a majority of the Board of Directors at any regular meeting, or at any special meeting called for the purpose, or the Board of Directors may, in any regular or special meeting thereof amend or repeal these By-Laws or adopt new By-Laws, provided, however, that this power to amend, modify, repeal these By-Laws or adopt new By-Laws may be delegated to the Board of Directors by the affirmative vote of the stockholders representing not less than two-thirds of the outstanding capital stock, provided, however, that any such delegation of powers to the Board of Directors shall be considered as revoked whenever stockholders representing majority of the outstanding capital stock of the Corporation shall so vote at a regular or special meeting called for the purpose.

The method by which votes will be counted:

(C) The holders of the majority interest of all outstanding stocks of the Corporation entitled to vote at the meeting present in present or by proxy shall constitute a quorum for the transaction of business.

(D) The holders of common stock are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at the close of business on record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for a single nominee or may apportion such votes among any two or more nominees. For the election of directors, the counting will be cumulative. The counting of votes will be done by the Corporate Secretary with the assistance of the representative of the Company's Stock Transfer Agent, BDO Unibank, Inc. All votes attaching to the shares owned by stockholders whose proxies were received by the Company will be casted in accordance with the instructions given or authority granted under proxies.

The Corporate Secretary shall record all the votes and proceedings of the stockholders and of the Directors in a book kept for that purpose.

(E) Due to continuous existence of COVID-19 Global Pandemic, the Board of Directors of Forum Pacific, Inc. has decided to conduct the annual stockholders' meeting via remote communication, specifically Zoom.

A stockholder who has the intention to participate in the Annual Stockholders' Meeting via remote communication or to exercise their vote in absentia or through proxy, should notify the Company by sending the required documents, such as proof of identity, ownership and other certification/information at **forumpacific.asm@gmail.com** from September 11 to October 2, 2023 (10:00am).

A Stockholder may opt to cast his/her vote/proxy during the registration or until October 2, 2023. Note that only the ballot/proxy form of a successful registrant will be counted as a valid vote.

Stockholders whose shareholdings are lodged with the Philippine Central Depository are reminded to secure a certification of your shareholdings from your respective stockbrokers.

Once the stockholder submitted the requested documents through email, the Company will forward it to the Company's stock transfer agent, BDO, Unibank, Inc., for validation.

If confirmed, that all are true and correct, ballot/proxy form submitted will be counted as a valid vote and a successful registrant will receive the instructions on how to access the livestream and its invitation link to the Annual Stockholders Meeting. For unsuccessful registrant, he/she will receive, either an email or a call from the Company for any deficient/pending documents that needs to be submitted.

Only stockholders who notified the Company of their intention to participate in the virtual meeting and have registered themselves or their proxies will be included in the determination of quorum.

The full details of the registration and voting procedures will be available on the Company's website, **www.forumpacific.com/annualstockholdersmeeting.html**, on September 14, 2023.

We are not soliciting proxies.

Undertaking

Forum Pacific, Inc., as registrant will provide the stockholders of copy of SEC Form 17-A free of charge. Any written request for a copy of SEC Form 17-A shall be addressed to the Office of the Corporate Secretary c/o FORUM PACIFIC, INC., 35th Flr. One Corporate Center, Doña Julia Vargas Ave., cor. Meralco Ave., Ortigas Center, Pasig City, Philippines.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, correct and complete. This report is signed in the City of Pasig on August 23, 2023.

Forum Pacific, Inc.

By:

A handwritten signature in blue ink, appearing to read "Arsenio A. Alfiler, Jr.", is written over a horizontal line.

ATTY. ARSENIO A. ALFILER, JR.
Corporate Secretary

CERTIFICATE OF INDEPENDENT DIRECTOR

I, **Aristeo R. Cruz**, Filipino, of legal age and a resident of No. 4 Malhacan Road, Meycauayan City, Bulacan after having been duly sworn in accordance with law do hereby declare that:

1. I am an Independent Director of **FORUM PACIFIC, INC.** since 2021.
2. I am affiliated with the following companies or organizations:

Company	Position	Period of Service
Meycauayan College, Inc.	Vice Chairman / Director Executive Vice President	December 2011 – present October 2021 – present
Cruz Altares & Associates Law Office (formerly Cruz, Castro & Altares Law Office)	Founding and Managing Partner	July 2007 – present
Liberty Bank (A Rural bank), Inc.	Vice President / Compiler	July 2018 – present
Idealand Realty & Development Corp.	President and Chief Operating Officer (COO)	November 2009 – present
Phil-Star Innovation Realty Corp.	Director and Corp. Secretary	October 2011 – present
Statosphere Realty & Development Corp.	President and Chief Operating Officer (COO)	October 2011 – present
Jose & Luz Locsin Foundation Inc.	President	November 2012 – present
Justino Emilia Realty and Management & Dev't. Corp.	Corporate Secretary	March 2008 – present
Waterstreet Realty Corp.	President	June 2012 – present
Metro Alliance Holdings & Equities Corp.	Lead Independent Director	September 2015 – present
Acesite Phils Hotel Corp.	Director	July 2021 – present
Waterfront Philippines, Inc.	Independent Director	July 2021 – present
Wellex Industries, Inc.	Independent Director	October 2021 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Forum Pacific, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of **Forum Pacific, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation code.

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **Forum Pacific, Inc.** of any changes in the above-mentioned information within five days from its occurrence.


Done this 23 day AUG, at PASIG CITY


ARISTEO R. CRUZ

Affiant

SUBSCRIBED AND SWORN TO before me this 3 day AUG 2023 at PASIG CITY, affiant exhibiting his Tax Identification Number 108-672-299-000.

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ATTY. LETICIA M. AMON
Notary Public
Pasig, Pateros & San Juan
Valid Until December 31, 2023
Roll No. 22188
PTR AA No. 0112306/01-03-23
Lifetime IBP Member No. 04286
Official Receipt No. 574709. IBP Chapter
MCLE Compliance No. VII-0000050/6-18-2019
Ground Flr. Armal Centre, U. Velasco, Ave.,
Malinao, Pasig City

CERTIFICATE OF INDEPENDENT DIRECTOR


I, **Josaias T. Dela Cruz**, Filipino, of legal age and a resident of 304 Hogan Street, Capitol Hills, Quezon City, after having been duly sworn in accordance with law do hereby declare that:

1. I am an Independent Director of **FORUM PACIFIC, INC.** since 2021.
2. I am affiliated with the following companies or organizations:

Company	Position	Period of Service
Wegen Distributed Energy Philippines Holdings Corp.	Treasurer/Vice President for Investor Relations and Financial Planning	2021 – Present
JTDC Spinmeister Laundry Service	Sole Proprietor	2016 – present
Philippine Estates Corporation	Independent Director	2021 – present
Wellex Industries, Inc.	Independent Director	2021 - present


3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Forum Pacific, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of **Forum Pacific, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **Forum Pacific, Inc.** of any changes in the above mentioned information within five days from its occurrence.

Done this 23 AUG 2023, at PASIG CITY


JOSAIAS T. DELA CRUZ
Affiant

SUBSCRIBED AND SWORN TO before me this 23 AUG 2023 at PASIG CITY affiant exhibiting his Community Tax Certificate No. _____ issued at _____ on _____.

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ATTY. LETICIA M. AMON
Notary Public /
Pasig, Pateros & San Juan
Valid Until December 31, 2023
Roll No. 22188
PTR AA No. 0112306/01-03-23
Lifetime IBP Member No. 04286
Official Receipt No. 574709, IBP Chapter
MCLC Compliance No VII-0000050/6-13-2019
Ground Flr. Armal Centre, U. Velasco, Ave.,
Malinao, Pasig City

CERTIFICATE OF INDEPENDENT DIRECTOR

I, **Renato C. Francisco**, Filipino, of legal age and a resident of No. 8 Sparrow St., New Marikina Subdivision, Marikina City, after having been duly sworn in accordance with law do hereby declare that:

1. I am an Independent Director of **FORUM PACIFIC, INC.** since 2020.
2. I am affiliated with the following companies or organizations:

Company	Position	Period of Service
Philippine Estates Corporation	Independent Director	October 2020 – present
Acesite (Phils) Hotels Corporation	Independent Director	October 2020 – present
Sta. Lucia Land, Inc.	Independent Director	June 2023 – present
Waterfront Philippines, Inc.	Independent Director	October 2020 – present
Wellex Industries, Inc.	Independent Director	October 2021 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Forum Pacific, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of **Forum Pacific, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **Forum Pacific, Inc.** of any changes in the above mentioned information within five days from its occurrence.

Done this 23 AUG 2023 day PASIG CITY, at


RENATO C. FRANCISCO
Affiant

SUBSCRIBED AND SWORN TO before me this 23 AUG 2023 at PASIG CITY, affiant exhibiting his Community Tax Certificate No. _____ issued at _____ on _____.

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Page No. 79
Book No. 115
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ATTY. LETCIA M. AMON
Notary Public
Pasig, Pateros & San Juan
Valid Until December 31, 2023
Roll No. 22188
PTR AA No. 0112306/01-03-23
Lifetime IBP Member No. 04286
Official Receipt No. 574709. IBP Chapter
MCLE Compliance No. VII-0000050/6-18-2019
Ground Flr. Armal Centre, U. Velasco, Ave.,
Malinao, Pasig City

CERTIFICATION

I, ARSENIO A. ALFILER, JR., of legal age and with office address at Unit 3104 Antel Global Corporate Center, #3 Doña Julia Vargas Avenue, Ortigas Center, Pasig City, after being duly sworn to in accordance with law, do hereby certify:

I am the duly elected Corporate Secretary of FORUM PACIFIC, INC., a corporation duly organized and existing under Philippine laws with principal office at 35th Flr., One Corporate Center, Doña Julia Vargas Ave., cor. Meralco Ave., Ortigas Center, Pasig City (the "Corporation").

All incumbent directors and officers of the Corporation are not connected with any government agency or instrumentality, except for Atty. Lamberto B. Mercado, Jr. Attached herewith is a copy of a certification issued by the Philippine National Construction Corporation, allowing/authorizing Atty. Lamberto B. Mercado, Jr. to be director in other corporations.

I execute this certification to comply with the requirements of the Securities and Exchange Commission.

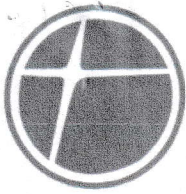
PASIG CITY
IN WITNESS WHEREOF, I have hereunto set my hand this 23 AUG 2023 in the city of

Arsenio A. Alfiler, Jr.
ARSENIO A. ALFILER, JR.
Corporate Secretary

Subscribed and sworn to before me this 23 AUG 2023 at PASIG CITY, affiant exhibiting to me his TIN with No. 108-160-743.

Doc. No. 288
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Atty. Lenier M. Amon
ATTY. LENIER M. AMON
Notary Public
Pasig, Pateros & San Juan
Valid Until December 31, 2023
Roll No. 22188
PTR AA No. 0112306/01-03-23
Lifetime IBP Member No. 04286
Official Receipt No. 574709 IBP Chapter
MCLE Compliance No. VII-0000050/6-13-2019
Ground Flr. Arnaiz Centre, U. Velasco, Ave.,
Malinao, Pasig City



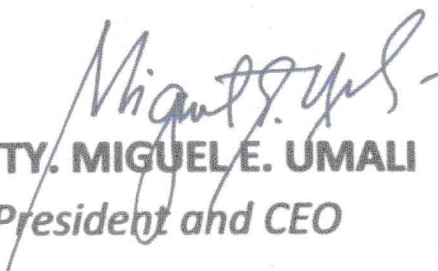
PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION

CERTIFICATION

TO WHOM IT MAY CONCERN:

This is to certify that **ATTY. LAMBERTO B. MERCADO JR.** is hereby allowed/authorized to occupy membership in the Board of Directors of other corporations provided such memberships do not conflict with his official function as member of the PNCC Board of Directors.

Done this 13th day of July 2023 in Bicutan, Paranaque City.


ATTY. MIGUELE E. UMALI
President and CEO

vgm/

PART 2

MANAGEMENT REPORT AS REQUIRED BY SRC RULE 20 INCLUDING FINANCIAL INFORMATION FOR 2ND QUARTER OF 2023

BUSINESS AND GENERAL INFORMATION

1.) Brief Description of the General Nature and Scope of the Registrant's Business

Forum Pacific, Inc. (FPI) is a company incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on January 8, 1993, with a principal office at the 35th Floor One Corporate Center, Doña Julia Vargas Ave. corner Meralco Ave., Ortigas Center, Pasig City.

The shares of FPI are listed and traded in the Philippine Stocks Exchange or PSE. Formerly known as Air Philippines International Corporation, FPI was registered to engage in investing, purchasing and acquiring assets of any kind and description with the secondary purpose of engaging in the exploration, development and production of petroleum and related products, as well as other mineral and chemical substances.

Business Plans

To address the foregoing matters that may raise doubt on the Company's ability to continue as a going concern, the shareholders of the Company have committed in principle to provide full financial support to the Company in order to sustain its operations, meet the working capital requirements and settle obligations as they fall due.

The Company has been reviewing outstanding receivables and advances to affiliates and has designed collection programs to improve the Company's financial status. The board continues to evaluate calling for the remaining stock subscription as source of funds for future projects, with the aim of utilizing this process as a tool to fund capital intensive endeavors. The officers and major stockholders of the Company have committed to provide full financial support to the Company once its projects will materialize and a definite project is in place. The Company estimates that it will satisfy its capital funding within two (2) years from the finalization and approval of such business project plans.

With the Company's experience in the participation in the Department of Energy's (DOE) 4th Philippine Energy Contracting Round (PECR 4) last April 2012, evaluation of which focuses on the Company's financial and technical qualifications, the Company will prioritize the improvement of its financial position and exploring new business opportunities in oil and gas exploration and extraction, order to maintain strong and healthy cash flows, and at the same time, aspiring for maximized potential earnings. The prospects are specially bright given the current administration's cautious but open thrust for mutual cooperation with China in dealing with contentious geo-political issues in the West Philippine Sea.

The management is still evaluating potential buyers who expressed interest to buy out the Company's remaining 33.33% capital stock investment in Forum Exploration, Inc. (FEI), a subsidiary of Pangilinan-led Forum Energy Plc and the project operator for Libertad Gas Field or Service Contract (SC40). Talks, however, with the three (3) interested groups are still on hold at the moment, pending clarification of several commercial issues.

Since the Company is affiliated with group of mining companies, projects in the mining sector are being re-evaluated at the moment. Despite the stringent evaluations being conducted by the Department of Environment and Natural Resources (DENR) for new mining applications, the government has also indicated that a revival of the industry is forthcoming, especially as a means to address the economic slowdown caused by the pandemic.

Business Focus for the Coming Year

Given the growing requirements for power, the Company is actively looking into the traditional energy business, concentrating on cheap and consistent coal power for the country's base loads.

Demand and supply studies, as well as site feasibility analysis and the selection of green and clean coal technologies are being conducted by select engineering advisers of the Company. On the other hand, the Company is also considering investing into potential renewable energy sources like solar power, ethane, biofuels, hydro, wind and geothermal energy and nuclear power. The management is also conducting research and feasibility studies on these renewable projects, albeit utilizing more stringent investment hurdles, given that renewable energy projects produce power at higher pricing levels as compared to traditional energy sources.

The Company will further scan for business target projects, and welcome other business opportunities from different industries apart from oil and gas and mineral exploration. As mentioned above, the management is currently discussing on how the Company will proceed with its remaining 33.33% capital stock investment in Forum Exploration, Inc., specifically whether to sell its interest or enter into partnership with potential buyers.

On the one hand, the investment made during 2017 in Taguig Lake City Development Corporation (TLCDC), a corporation engaged in the real estate industry, is starting to show some results, now that the Laguna Lake Development Authority has responded positively to this company's proposals to rehabilitate the Laguna De Bay. We will continue to support the progress of TLCDC in this regard.

With the waning threat of the COVID-19, the company is hopeful that the business environment will start to grow over the coming year, now that the regional travel has opened up and various foreign investor groups are visiting the Philippines with a renewed fervor.

The Company's management believes that such financial support and the discussed management plans are sufficient to provide the Company the ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

2.) Properties and Other assets

Forum Pacific Inc. carries financial assets at fair value. This account consists of:

	Forum Exploration, Inc. (FEI)	Philippine Estates Corp (PHES)	Taguig Lake City Dev't Corp	Total
Net carrying amount, December 31, 2021	₱53,211,573	₱25,600,243	₱12,500,000	₱91,311,816
Additions	—	—	—	—
Write-Off	—	—	—	—
Impairment loss	—	—	—	—
Unrealized fair value gain (loss)	—	(6,776,535)	—	(6,776,535)
Net carrying amount, December 31, 2022	₱53,211,573	₱18,823,708	₱12,500,000	₱84,535,281
Acquisition cost	₱73,211,573	₱7,529,480	₱12,500,000	₱93,241,053
Unrealized fair value gain (loss)	—	11,294,228	—	11,294,228
Accumulated impairment loss	(20,000,000)	—	—	(20,000,000)
Net carrying amount as of December 31, 2022	₱53,211,573	₱18,823,708	₱12,500,000	₱84,535,281

	Forum Exploration, Inc. (FEI)	Philippine Estates Corp (PHES)	Taguig Lake City Dev't Corp	Total
Net carrying amount, December 31, 2020	₱53,211,573	₱21,333,535	₱12,500,000	₱87,045,108
Additions	—	—	—	—
Write-Off	—	—	—	—
Impairment loss	—	—	—	—
Unrealized fair value gain (loss)	—	4,266,708	—	4,266,708
Net carrying amount, December 31, 2021	₱53,211,573	₱25,600,243	₱12,500,000	₱91,311,816
Acquisition cost	₱73,211,573	₱7,529,480	₱12,500,000	₱93,241,053
Unrealized fair value gain (loss)	—	18,070,763	—	18,070,763
Accumulated impairment loss	(20,000,000)	—	—	(20,000,000)
Net carrying amount as of December 31, 2021	₱53,211,573	₱25,600,243	₱12,500,000	₱91,311,816

Unquoted shares - Forum Exploration, Inc. (FEI) and Taguig Lake City Development Corporation (TLCDC)

These investment is classified as Financial Assets at FVOCI (net) as the Company does not participate in the financial and operating policy of the investee which manifests control or significant influence. As of December 31, 2022, FPI has 33.33% ownership in Forum Exploration, Inc. The investment in FEI is stated at cost less impairment loss since there is no quoted price in an active market. In 2017, the Company made an investment in Taguig Lake City Development Corporation. The Company believes that the carrying amount of these unquoted shares of stock approximate fair value.

Quoted shares - Philippine Estates Corporation (PHES)

This pertains to the Company's investment in 50,196,553 common shares which are registered and traded in the PSE and constitutes 3% ownership.

The fair value of PHES investment as of December 31, 2022 has been determined directly by reference to published prices in the active market. Consequently, an unrealized fair value gain was recognized amounting to ₱4,266,708 and charged to "other comprehensive income" account in the 2021 statements of comprehensive income and shown separately as "Unrealized fair value gain (loss) on financial assets at FVOCI" in equity.

The Company's financial assets at FVOCI as at December 31, 2022 and 2021 are not held as collateral for its financial liabilities.

3.) Risks

The Company is exposed to a variety of financial risks, which result from both its operating and financing activities. The Company's risk management is coordinated with the Board of Directors, and focuses on actively securing the short-term cash flows to finance its operation.

The Company's principal financial instruments comprise of cash, advances to related parties, financial assets at FVOCI, accounts payable and other liabilities (excluding local and other taxes and other liabilities to government agencies), lease liability and advances from a related party. The main purpose of these financial instruments is to raise financing for the Company's operations. The Company does not actively engage in trading of financial assets for speculative purposes nor does it have options.

The most significant financial risks to which the Company is exposed to are described below:

Credit risk

Credit risk refers to the risk that a counterparty will default its contractual obligation resulting in financial loss to the Company. The Company's credit risk is primarily attributable to its financial assets which composed of cash and advances to related parties.

In order to minimize credit risk, the Company has developed and maintained internal credit risk gradings to categorize exposures according to their degree of risk of default. The Company uses its own trading records to rate its major customers and other debtors.

The Company current credit risk grade framework is as follows:

	Description	Basis for recognizing ECLs	Base	Minimum Allowance for credit losses	Stage
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECL	0%	0%	1
Doubtful	Amount is 1-30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit impaired	25%	1%	2
	Amount is 31-90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - not credit impaired	25%	5%	2
	Amount is 91-180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - not credit impaired	25%	10%	2

In default	Amount is 181-360 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - not credit impaired	25%	25%	2
	Amount is over 1 year to 2 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - not credit impaired	50%	25%	3
	Amount is over 2 years to 3 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - not credit impaired	100%	25%	3
	Amount is over 3 years to 5 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - not credit impaired	100%	50%	3
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is write off	100%	100%	3

The maximum credit risk exposure of the financial assets is the carrying amount of the financial assets shown on the face of statement of financial position, as summarized below:

December 31, 2022				
	Basis of recognizing ECL	Gross carrying amount	Loss Allowance	Net carrying amount
Cash in bank		₱276,000	₱-	₱276,000
Advances to related parties, net of allowance	Lifetime ECL	477,429,812	(221,205,384)	256,224,428
		₱477,705,812	(₱221,205,384)	₱256,500,428

December 31, 2021				
	Basis of recognizing ECL	Gross carrying amount	Loss Allowance	Net carrying amount
Cash in bank		₱295,667	₱-	₱295,667
Advances to related parties, net of allowance	Lifetime ECL	473,409,335	(221,205,384)	252,203,951
		₱473,705,002	(₱221,205,384)	₱252,499,618

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described below:

Cash in bank

The credit risk for cash in banks is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000.00 for every depositor per banking institution.

Advances to related parties

For advances to related parties, the Company has applied the simplified approach to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

To measure the ECL, advances to related parties have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for advances to related parties are a reasonable approximation of the loss rates for the financial asset.

On that basis, the loss allowance as at December 31, 2022 and 2021 was determined based on months past due, as follows for advances to related parties:

December 31, 2022	ECL Rate	Cash in Bank	Advances to related parties	Total	ECL
Performing	0.00%	₱276,000	₱305,798,736	₱306,074,736	₱49,574,308*
Doubtful					
1-30 days	0.25%	-	-	-	-
31-90 days	1.25%	-	-	-	-
91-180 days	2.50%	-	-	-	-
181-360 days	3.00%	-	-	-	-
In Default					
1-2 years	7.50%	-	-	-	-
2-3 years	15.00%	-	-	-	-
3-5 years	50.00%	-	-	-	-
Write off	100.00%	-	171,631,076	171,631,076	171,631,076
		₱276,000	₱477,429,812	₱477,705,812	₱221,205,384

*ECL represents 15% of ₱330,495,385 (based on original PN amount)

December 31, 2021	ECL Rate	Cash in Bank	Advances to related parties	Total	ECL
Performing	0.00%	₱295,667	₱301,778,259	₱302,073,926	₱49,574,308*
Doubtful					
1-30 days	0.25%	-	-	-	-
31-90 days	1.25%	-	-	-	-
91-180 days	2.50%	-	-	-	-
181-360 days	3.00%	-	-	-	-
In Default					
1-2 years	7.50%	-	-	-	-
2-3 years	15.00%	-	-	-	-
3-5 years	50.00%	-	-	-	-
Write off	100.00%	-	171,631,076	171,631,076	171,631,076
		₱295,667	₱473,409,335	₱473,705,002	₱221,205,384

*ECL represents 15% of ₱330,495,385 (based on original PN amount)

The management continues to review receivable from related parties for any legally enforceable right to offset with liabilities with the expressed intention of the borrower to settle on a net basis.

Impaired accounts represent account of related parties that have not paid for a while and for which the Company believes that a portion of the receivables may not be collected. The allowance is estimated based on the Company's estimate for accounts which it believes may no longer be collected.

As at December 31, 2022 and 2021, the Company has entered into an agreement with its related party to settle the advances (Note 11 of the Audited Financial Statements).

Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company is mainly exposed to liquidity risk through its maturing liabilities. The Company has a policy of regularly monitoring its cash position to ensure that maturing liabilities will be adequately met.

The Company manages liquidity risk through continuous collection of advances to related parties which is considered as cash inflow to finance its operation. The Company continuously monitoring forecast and actual cash flows and matching the maturity profiles of liabilities.

The details of the maturity analysis of the Company's liabilities are as follows:

December 31, 2022	Total	On demand	Less than 3 months	3-12 months	1-5 years
Account payable and other liabilities*	₱355,197	₱-	₱-	₱355,197	₱-
Lease Liability	191,672	-	-	143,349	48,323
Advances from related parties	4,623,316	-	-	-	4,623,316
	₱5,170,185	₱-	₱-	₱498,546	₱4,671,639

*excluding government liabilities

December 31, 2021		On	Less than	3-12	1-5 years
	Total	demand	3 months	months	
Account payable and other liabilities*	₱515,847	₱–	₱–	₱515,847	₱–
Lease Liability	41,806	–	–	41,806	–
Advances from related parties	4,228,951	–	–	–	4,228,951
	₱4,786,604	₱–	₱–	₱557,653	₱4,228,951

*excluding government liabilities

The Company's current ratio for the year ended December 31, 2022 and 2021 is 0.14:1 and 0.24:1, respectively. This shows that for every peso of currently maturing liabilities, the Company has a fund of ₱0.14 and ₱0.24 in 2022 and 2021, respectively, to settle its obligations.

Equity price risk

Equity price risk is the risk that the fair value of equity instrument decreases as a result of changes in the value of individual stocks. The Company's exposure to equity price risk arises from investments held by the Company and classified in the Company's statements of financial position either as financial asset at FVOCI.

Equity instruments designated at FVOCI in listed and non-listed companies are held for strategic rather than trading purposes. The Company does not actively trade these investments. The Company also invested in portfolio of listed shares which are held for trading and has designated equity instrument in a non-listed Company at FVOCI.

If the price of the financial assets at FVOCI had been 10% higher/lower, the other comprehensive income for the years ended December 31, 2022 and 2021 would decrease/increase by ₱8,453,528 and ₱9,131,182, respectively.

Foreign currency risk

The Company is exposed to foreign exchange risk arising from currency exposures primarily with respect to the U.S. dollars. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Significant fluctuation in the exchange rates could significantly affect the Company's financial position.

The Company is mainly exposed to foreign currency risk through its advances from a related party of \$82,922 which amounted to ₱4,623,316 and ₱4,228,951 as at December 31, 2022 and 2021, respectively.

The sensitivity rate used on reporting foreign currency risk internally to key management personnel is 10% and it represents management's assessment of reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary assets and liabilities and adjusts their translation at the period end for a 10% in foreign exchange rates. A positive number indicates an increase in net income when the Philippine peso strengthens at 10% against the relevant currency. For 10% weakening of the Philippine peso against the relevant currency, there would be an equal and opposite impact on the net income.

If foreign exchange rates had been 10% higher/lower, the net loss before tax would decrease/increase by ₱8,292 in 2022 and 2021, respectively. Equity for the years ended December 31, 2022 and 2021 would decrease/increase by ₱6,219.

Capital Risk Objective and Management

The primary objective of the Company's capital management is to ensure its ability to continue as a going concern.

The Board of Directors (BOD) have the overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including accounts payable and other liabilities, lease liability and advances from a related party as shown in the statements of financial position) less cash. Total capital is calculated as equity as shown in the statements of financial position plus net debt.

Gearing ratio compares some form of owner's equity to borrowed funds. It is a measure of financial leverage demonstrating the degree to which the Company's activities are funded by owner's funds versus creditors' funds.

The gearing ratios as at December 31 were as follows:

	2022	2021
Debt	₱6,895,527	₱5,605,805
Cash	(276,000)	(295,667)
Net debt	6,619,527	5,310,138
Equity	334,416,365	338,292,673
Gearing ratio	1.98%	1.57%

The Company is subject to externally imposed capital requirement amounting to ₱6,250,000 which is the minimum paid-up capital requirement of SEC for mining companies. As at December 31, 2022 and 2021, the Company is in compliance with this externally imposed capital requirement.

Fair Value Information

Assets measured at fair value

The following table gives information about how the fair values of the Company's assets and liabilities, which are measured at fair value at the end of each reporting period, are determined (in particular, the valuation technique(s) and inputs used).

	Fair Value as at December 2022	Fair Value 2021	Fair Value Hierarchy	Valuation Techniques
Financial assets at FVOCI	₱18,823,708	₱25,600,243	Level 1	Quoted bid prices in an active market

Assets and liabilities not measured at fair value

The following table gives information about how the fair values of the Company's assets and liabilities, which are not measured at fair value but the fair values are disclosed at the end of each reporting period, are determined.

	2022		2021		Fair value hierarchy	Valuation techniques
	Carrying Value	Fair Value	Carrying Value	Fair Value		
Financial Assets						
Advances to related parties	₱256,224,428	₱243,536,424	₱252,203,951	₱248,086,460	Level 2	Discounted value of future cash flows
Financial Liabilities						
Lease Liability	48,323	45,600	—	—	Level 2	Discounted value of future cash flows
Advances from related parties	4,623,316	4,394,374	4,228,951	4,159,909	Level 2	Discounted value of future cash flows
	₱4,671,639	₱4,439,974	₱4,228,951	₱4,159,909		

For the long-term financial assets and liabilities, the fair value of the non-interest bearing noncurrent assets and liabilities are determined based on the discounted value of future cash flows using the prevailing credit adjusted PH BVAL for 2022 and 2021 that are specific to the tenor of the instruments' cash flow as at reporting date. Discount rates used ranged from 5.2099% to 5.9706% in 2022 and 1.660% in 2021.

The carrying amounts of cash and accounts payable and other liabilities approximate their fair values due to the relatively short term maturities of these financial instruments.

Certain financial assets at FVOCI amounting to ₱65,711,573 as at December 31, 2022 and 2021 are carried at cost less impairment loss since there was no reliable basis for the measurement of the fair value.

4.) Legal Proceedings

A case of illegal dismissal and claims for unpaid salaries, back wages, separation pay and damages was filed by an employee (logistic coordinator), on February 1996. The respondents on the said case are James Dale Hood, Air Philippines International (Formerly), Cophil Exploration & Drilling Co., Air Philippines International, Inc. and Forum Exploration, Inc. The management has its lawyer take care of the settlement and will plan to meet with the Sheriff or labor officer in-charge with the case. As of December 31, 2022, the claimant didn't make any demands or appeared before the Company's principal office address to enforce the said writ of execution.

5.) Submission of Matters to a Vote of Security Holders

There was no matter submitted to a vote of security holders during 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

A copy of the Audited Financial Statements as of December 31, 2022 and Unaudited Second Quarter of 2023 Financial Statements are herein attached.

PLAN OF OPERATION

The following discussion and analysis should be read in conjunction with the accompanying financial statements and related notes as of December 31, 2022, 2021 and 2020, included elsewhere in this Annual Report. Our financial statements, and the financial information discussion below, have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Forum Pacific, Inc. suffered losses for the past years due to uncertainties caused by the global economic crisis in 2008. As the Philippine GDP slowed in the first half of 2009, oil exploration activities were reconsidered by global investors. In consequence, the feasibility of continuing operations under existing drilling service contracts were severely put into question. However, management believes that the going concern assumption is appropriate despite the existence of material uncertainty caused by recurring substantial losses of the Company. The Company incurred income/(losses) amounting to ₱2,900,227, ₱3,317,053 and (₱2,304,863) in 2022, 2021 and 2020, respectively. To continue as going concern, the officers and major stockholders of the Company has committed to provide full financial support to the Company to sustain its operations, meet the working capital requirements and settle obligations as they fall due.

Business Plans

With the waning threat of the COVID-19 pandemic, the Company is hopeful that the business environment will start to grow over the coming year, now that the regional travel has opened up and various foreign investor groups are visiting the Philippines with a renewed fervor. For the coming year 2023, the Company plans to undertake the following:

- The investment made in 2017 in Taguig Lake City Development Corporation (TLCDC), a corporation engaged in the real estate industry, is starting to show some results, now that the Laguna Lake Development Authority has responded positively to the Company's proposals to rehabilitate the Laguna de Bay. The Company will continue to support the progress of TLCDC in this regard.
- Further scan for business target projects, and welcome other business opportunities from different industries apart from oil and gas and mineral exploration.
- Evaluate potential buyers to buy out investment with Forum Exploration, Inc. or enter into partnership with potential buyers.
- Actively looking into the traditional energy business, concentrating on cheap and consistent coal power for the country's base loads.
- Consider investing into potential renewable energy sources like solar power, biofuels, hydro, wind and geothermal energy.
- Conduct research and feasibility studies on renewable projects, albeit utilizing more stringent investment hurdles, given that renewable energy projects produce power at higher pricing levels as compared to traditional energy sources.
- Evaluate advances to affiliates and design collection programs to improve the Company's financial status. As at December 31, 2022 and 2021, the Company has existing contracts with The Wellex Group, Inc. to collect outstanding advances (Note 11 of Audited Financial Statements)
- Evaluate calling for the remaining stock subscription as source of fund for future projects, with the

aim of utilizing this process as a toll to fund capital intensive endeavors. The Company has outstanding ₱667,456,379 subscription receivable as at December 31, 2022.

The Company's management believes that such financial support and its business plans are sufficient to provide the Company the ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

Financial Highlights

The following table shows the comparative operating data and financial statements of the Company for the years ending December 31, 2022, 2021 and 2020.

	2022	2021	2020
	₱–	₱–	₱–
Revenues			
Cost and Expenses	2,190,963	2,098,754	2,522,945
Gross Profit (Loss)	(2,190,963)	(2,098,754)	(2,522,945)
Other income (expenses)	5,321,501	5,506,535	262,163
Finance Cost	(14,789)	(31,433)	(40,000)
Net income (loss) before tax	3,115,749	3,376,348	(2,300,782)
Benefit from (provision for) income tax			
Current	279,347	58,096	4,944
Deferred	(63,825)	1,199	(863)
Net income (loss) for the year	₱2,900,227	₱3,317,053	(₱2,304,863)
Other comprehensive loss:			
Unrealized gain (loss) on AFS financial asset	(6,776,535)	4,266,708	(250,983)
Total comprehensive income (loss) for the year	(₱3,876,308)	₱7,583,761	(₱2,555,846)
Earnings (loss) per share	₱0.002	₱0.003	(₱0.002)

Calendar Year Ended December 31, 2022 vs. Calendar Year Ended December 31, 2021

Key Performance Indicators

The company determines its performance on the following five (5) indicators:

1. Advances to Related Parties – currently, The Wellex Group, Inc. (TWGI), one of the company's major stockholders, is funding all operational expenses of the Company. Total advances added/(deducted) as of December 31, 2022 and 2021 are ₱4,020,477.43 and ₱4,871,266 (net of interest income on the loans to TWGI amounting to ₱5,933,195 and ₱5,933,195 in 2022 and 2021), respectively.
2. Current Ratios - current assets against the current liabilities of the Company. It measures the company's ability to pay short-term obligations. Current ratio for the year 2022 is 14.44% and 24.42% for 2021. A significant decrease in the ratio by 9.98% was mainly due to net cash decrease of ₱19,667 in 2022. The net decrease is composed of cash flows from operating, investing and financing activities.
3. Cash Ratio - the most conservative liquidity ratio. It excludes all current assets except the most liquid: cash and cash equivalents. It measures the amount of cash and cash equivalents there are in the current assets to cover current liabilities. The cash ratio of the company for the year 2022 is 12.68% and 21.62% for 2021. Same with the current ratio, decrease in cash ratio was due to decrease in cash resulting from the Company's cash flows from operating, investing and financing activities.
4. Debt ratio - it is one of the financial leverage ratios which measure the extent to which the firm is using long term debt. Formula is total debt divided by total assets. Debt ratio for the year 2022 is 2.02% and 1.63% for 2021.
5. Debt-to-equity ratio - the formula is total debt divided by total equity. It indicates what proportion of equity and debt that the company is using to finance its assets. The debt to equity ratio for the year 2022 is 2.06% and 1.66% for 2021.

CHANGES IN RESULTS OF OPERATION

Revenues and Earnings per share

Since the company ceased to have control over Express Savings Bank, Inc. and still banking on new

petroleum and gas service contracts, the company has no revenues recorded in the year 2022, 2021 and 2020.

The company incurred income/(losses) of ₱2.9 million, ₱3.3 million and (₱2.3 million) in 2022, 2021 and 2020, respectively. Income/(Loss) per share for 2022, 2021 and 2020 were ₱0.002, ₱0.003 and (₱0.002), respectively. In line with the plan for the next twelve months, the Board will continue to explore business opportunities to aspire for maximized potential earnings.

Cost and Expenses

Cost and expenses consisted primarily of professional fees, management fee, membership fee and dues, depreciation, publication fee, utilities, donation, taxes and licenses, transportation, office supplies and miscellaneous. For the years 2022 and 2021 amounts recorded were ₱2.2 million and ₱2.1 million, respectively.

Increase of ₱0.1 million or 4.39% is mainly attributable to the increase in professional fees by ₱0.04 million, increase in depreciation expense by ₱0.02 million, decrease in publication fee by ₱0.02 million and increase in miscellaneous expense by ₱0.05 million.

Other Income (Expenses) and Finance Cost

This account is composed of interest income in advances to related parties and cash in bank, unrealized foreign exchange gain (loss), provision for impairment of input tax and finance cost.

For 2022 and 2021, the Company provided an allowance for impairment of input tax amounting to ₱217,487 and ₱180,199, respectively. Unrealized foreign exchange gain/(loss) for 2022 and 2021 are (₱394,365) and (₱246,776), respectively. It arises from the fluctuation of Peso to U.S. dollar exchange rates on the Company's payable to FEI, Ltd. amounting to \$82,229 as of December 31, 2022.

Interest income in banks for 2022, 2021 and 2020 amounted to ₱158, ₱315 and ₱518, respectively. The company reported interest income in advances to related parties in 2022, 2021 and 2020 amounting to ₱5,933,195, ₱5,933,195 and ₱247,216, respectively.

The Company also reported a Finance cost in 2022, 2021 and 2020 amounted to ₱14,789, ₱31,433 and ₱40,000, respectively.

CHANGES IN FINANCIAL CONDITION

ASSETS

Cash

Cash in bank carries interest at respective bank deposit rate. For the year 2022 and 2021, the total cash and cash equivalents were ₱276,000 and ₱295,667, respectively. On July 19, 2012, the Board of Directors approved the opening of a deposit account with Banco De Oro-Meralco Ave. - Branch to facilitate the collection and disbursement processes of the company.

Prepayments and other current assets

The account is composed of advances to officers and employees and other assets amounting to ₱38,213 and input tax of ₱2,634,234 with provision for valuation allowance of the same amount for the year December 31, 2022. Input VAT increase by ₱217,487 or 9.00% in 2022.

Input tax is stated at face value less provision for impairment, if any. Allowance for unrecoverable input tax, if any, is maintained by the Company at a level considered adequate to provide potential uncollectible portion of the claims. The Company, on a continuing basis, makes a review of the status has no outstanding balance for the year ended December 31, 2022 and 2021. The Company has provided full valuation allowance on all its input tax for 2022 and 2021 as it sees no economic use for it in the future.

Advances to related parties (net)

The Company, in the normal course of business, has transactions with related parties. Such transactions are unsecured and partially impaired. The Company did not provide nor received any guarantee on its transaction with related parties. All outstanding balances are to be settled through cash or offsetting arrangement. This account consists of advances to Forum Exploration, Inc. (FEI) and The Wellex Group, Inc. (TWGI). Total amount recorded for the year 2022 and 2021 (net of allowance for impairment loss of ₱221,205,384 and ₱221,205,384) were ₱256,224,428 and ₱252,203,951, respectively. Increase by ₱4.0 million or 1.59% is due to interest income earned from related parties.

Advances to TWGI

On December 16, 2020, TWGI issued a new promissory note amounting to ₱296,659,777 in favor of the Company. The term of the loan is five years maturing on December 15, 2025, bearing an interest of 2% per annum. Accrued interest receivable for this promissory note amounted to ₱12,113,606 and ₱6,180,411 as at December 31, 2022 and 2021, respectively.

To settle the outstanding advances, the Company entered into the following contracts with TWGI, which in return, amounts incurred will be applied to the outstanding advances:

1. The Company leases an office space from TWGI starting May 2014. The lease is for a period of two years but renewable thereafter upon mutual agreement of both parties. The contract has been renewed four times since then and is currently valid until April 30, 2024. Total rental and utilities expense charged to operations amounted to ₱222,000 for both years ended December 31, 2022 and 2021, respectively.
2. In April 2012, the Company has entered into a consultancy agreement with TWGI, whereby the latter will provide corporate planning and financial services on its various corporate functions and undertakings. The contract has been renewed five times since then and is currently valid until April 30, 2024. Total management fee charged to operations amounted to ₱480,000 for both years ended December 31, 2022 and 2021, respectively.

The Company originally provide allowance for impairment on advances to TWGI prior to agreements entered into to settle the outstanding advances. Allowance for impairment will be reversed once the unimpaired portion of advances is substantially collected and upon assessment by the management on the continuity of the existing agreements.

Advances to FEI

Advances to FEI pertain to the carrying value of exploration net assets transferred by the Company in 2007. Outstanding balance for the years ended December 31, 2022 and 2021 amounted to ₱171,631,076, gross of allowance for impairment loss. The Company recognized an additional impairment loss amounting to nil in 2022 and 2021, as review on the FEI financial status and operations showed an unlikely possibility of collection.

FEI is a legal and owner of 100% interest in Service Contract (SC) 40, an upstream oil and gas contract area in the Philippines, entered into with the Philippine Government through the Department of Energy. Annual gas production from field on SC 40 totaled 41.09 million standard cubic feet (MMSCF) and 78.66 MMSCF since the start of production in 2012.

FEI has also implemented Work Program and Budget as approved by DOE last November 17, 2014 which includes, among others, a commitment to perform land gravity survey over the Dalingding Structure starting March 2015. Since 2014, FEI has performing geological and geophysical study aimed to identify and prioritize highly prospective areas for future exploration.

In 2019, FEI engaged the services of an operations geologist to prepare the geological program and prospect montage for the Dalingding-2 well, which will be drilled over the Dalingding Prospect, a reefal structure defined by seismic that has the Barili Limestone as the primary target. A well, Dalingding-1, was drilled by Cophil Exploration in 1996 and was plugged and abandoned as a dry hole with minor gas shows after reaching a total depth of 1,508 ft. Following FEI's recent re-evaluation of the prospect, it was concluded that Dalingding-1 did not reach the Barili target, which is estimated at 1,740 ft, or 232 ft below the well's total depth. The current plan is to drill a well down to at least 4,000 ft to penetrate the Barili and secondary targets underneath. In June 2022, FEI contracted a drilling consultant to prepare a drilling program and budget for Dalingding-2.

In August 2022, FEI contracted a third party for the disposal of the Hycalog Rig and ancillary equipment stored in Brgy. Maya, Daanbantayan, Cebu Province. The sale process started on September 13, 2022 of which the highest bid was offered by a Luzon-based company. The pull-out of items started in December 2022.

On December 16, 2022, FEI submitted the SC 40 WP&B for 2023 with a firm program consisting of an Independent Technical Evaluation of the Maya and Dalingding Prospects to be carried out in the first quarter of 2023.

The Company is positive on FEI's on its exploration and future development work in providing the viability

of its oil properties to produce oil in commercial quantities.

As at December 31, 2022 and 2021, FEI has not yet returned the value of the exploration assets that the Company transferred.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (net)

Financial Assets at Fair Value Through Other Comprehensive Income as at December 31 consist of:

	2022	2021
Unquoted shares		
Balance at beginning of the year	₱65,711,573	₱65,711,573
Quoted shares		
Cost	7,529,480	7,529,480
Net unrealized fair value gain	11,294,228	18,070,763
	18,823,708	25,600,243
	₱84,535,281	₱91,311,816

Unquoted shares - Forum exploration, Inc (FEI) and Taguig Lake City Development Corporation (TLCDC)

Investment in unquoted shares of stock represents ownership of the Company in Forum Exploration, Inc. and Taguig Lake City Development Corporation as at December 31, 2022. These investments are classified as financial assets at FVOCI as the Company does not participate in the financial and operating policy of the investee which manifests control, joint control or significant influence. These Company believes the carrying amount of these unquoted shares of stock approximate fair value.

Quoted shares - Philippine Estates Corporation (PHES)

Investment in quoted shares of stock represents investment in Philippine Estates Corporation (PHES), a publicly listed company. The Company owns 50,196,553 common shares and constitutes 3.47% ownership in PHES. The fair value of these shares has been determined directly by reference to published prices in the active market.

Right-Of-Use Asset (net)

Right-of-use asset are the asset that represents lessee's right to use an asset over the lease term. The Company recognized a right-of-use asset as a result of adoption of PFRS 16. The carrying amount of right-of-use asset is ₱190,052 and ₱38,380 as of 2022 and 2021, respectively. Based on the impairment review of the Company's right-of-use asset, the Company believes that there is no indication of impairment on its right-of-use asset as at December 31, 2022 and 2021 (Note 8).

Deferred Tax Asset

The Company has an outstanding balance of Deferred Tax Asset amounting to ₱47,918 and ₱10,451 as of December 31, 2022 and 2021, respectively (Note 14).

LIABILITIES

Accounts Payable and other liabilities

These accounts consist of Accounts Payable, Withholding Tax Payable, Accrued Expense and Deferred Output VAT accounts. Total amounted recorded for 2022 and 2021 were to ₱1,817,955 and ₱1,266,121 respectively, with an increase by ₱551,834 or 43.58% due mostly to the Deferred Output VAT reported amounting to ₱1,453,633 in 2022.

Lease Liability

The Company recognized the asset as 'right-of-use asset' and corresponding lease liability (current and non-current) with present value of ₱191,672 and ₱41,806 as of December 31, 2022 and 2021, respectively or an increase by ₱149,866 or 358.38% (Note 11).

Advances from Affiliate

Advances from Forum Exploration, Inc. Ltd. (FEI – Ltd.)

The Company received cash advances from Forum (FEI) Ltd. to finance its acquisition of 60% stockholdings of Forum Coal Cebu Holdings, Inc. (FCCHI; Company's subsidiary which was formally dissolved last July 6, 2012). The Company received USD denominated cash advances from FEI, Ltd. with no definite terms of payment. Outstanding balance of account as of December 31, 2022 and 2021 were ₱4,623,316 and ₱4,228,951 respectively.

Deferred Tax Liability

The Company has an outstanding balance of Deferred Tax Liability amounting to ₱47,513 and ₱9,595 as of December 31, 2022 and 2021, respectively (Note 14).

Calendar Year Ended December 31, 2021 vs. Calendar Year Ended December 31, 2020

Key Performance Indicators

The company determine their performance on the following five (5) indicators:

1. Advances to Related Parties - currently, The Wellex Group, Inc. (TWGI), one of the company's major stockholders, is funding all operational expenses of the Company. Total advances made as of December 31, 2021 and 2020 are ₱4,871,266 and (₱2,906,627), (net of interest income on the loans to TWGI amounting to ₱5,933,195 and ₱247,216 in 2021 and 2020), respectively.
2. Current Ratios - current assets against the current liabilities of the Company. It measures the company's ability to pay short-term obligations. Current ratio for the year 2021 is 24.42% and 143.00% for 2020. A significant decrease in the ratio by 118.58% was mainly due to net cash decrease of ₱329,679. The net decrease is composed of cash flows from operating, investing and financing activities.
3. Cash Ratio - the most conservative liquidity ratio. It excludes all current assets except the most liquid: cash and cash equivalents. It measures the amount of cash and cash equivalents there are in the current assets to cover current liabilities. The cash ratio of the company for the year 2021 is 21.62% and 134.76% for 2020. Same with the current ratio, decrease in cash ratio was due to decrease in cash resulting from the Company's cash flows from operating, investing and financing activities.
4. Debt ratio - it is one of the financial leverage ratios which measure the extent to which the firm is using long term debt. Formula is total debt divided by total assets. Debt ratio for the year 2021 is 1.63% and 1.35% for 2020.
5. Debt-to-equity ratio - the formula is total debt divided by total equity. It indicates what proportion of equity and debt that the company is using to finance its assets. The debt to equity ratio for the year 2021 is 1.66% and 1.37% for 2020.

CHANGES IN RESULTS OF OPERATION

Revenues and Earnings per share

Since the company ceased to have control over Express Savings Bank, Inc. and still banking on new petroleum and gas service contracts, the company has no revenues recorded in the year 2021, 2020 and 2019.

The company incurred income/(losses) of ₱3.3 million, (₱2.3 million) and (₱2.1 million) in 2021, 2020 and 2019, respectively. Income/(Loss) per share for 2021, 2020 and 2019 were ₱0.003, (₱0.002) and (₱0.002), respectively. In line with the plan for the next twelve months, the Board will continue to explore business opportunities to aspire for maximized potential earnings.

Cost and Expenses

Cost and expenses consisted primarily of professional fees, management fee, membership fee and dues, depreciation, publication fee, utilities, donation, taxes and licenses, transportation, office supplies and miscellaneous. For the years 2021 and 2020 amounts recorded were ₱2.1 million and ₱2.5 million, respectively.

Decrease of ₱0.4 million or 16.81% is mainly attributable to the increase in professional fees by ₱0.1 million and decrease in donation by ₱0.4 million.

Other Income (Expenses) and Finance Cost

This account is composed of interest income in advances to related parties and Cash in Bank, unrealized foreign exchange gain (loss), finance cost and provision for impairment of input tax.

For 2021 and 2020, the Company provided an allowance for impairment of input tax amounting to

₱180,199 and ₱202,163, respectively. Unrealized foreign exchange gain/(loss) for 2021 and 2020 are (₱246,776) and ₱216,592, respectively. It arises from the fluctuation of Peso to U.S. dollar exchange rates on the Company's payable to FEI, Ltd. amounting to \$82,229 as of December 31, 2021.

Interest income in banks for 2021, 2020 and 2019 amounted to ₱315, ₱518 and ₱553, respectively. The company reported interest income in advances to related parties in 2021 and 2020 amounting to ₱5,933,195 and ₱247,216, respectively.

The Company also reported a Finance cost in 2021 and 2020 amounted to ₱31,433 and ₱40,000, respectively.

CHANGES IN FINANCIAL CONDITION

ASSETS

Current Assets

Cash

Cash in bank carries interest at respective bank deposit rate. For the year 2021 and 2020, the total cash and cash equivalents were ₱625,346 and ₱215,276, respectively. On July 19, 2012, the Board of Directors approved the opening of a deposit account with Banco De Oro-Meralco Ave. - Branch to facilitate the collection and disbursement processes of the company.

Prepayments and other current assets

The account is composed of advances to officers and employees and other assets amounting to ₱38,213 and input tax of ₱2,416,747 with provision for valuation allowance of the same amount for the year December 31, 2021. Input VAT increase by ₱180,199 or 7.34% in 2021.

Input tax is stated at face value less provision for impairment, if any. Allowance for unrecoverable input tax, if any, is maintained by the Company at a level considered adequate to provide potential uncollectible portion of the claims. The Company, on a continuing basis, makes a review of the status has no outstanding balance for the year ended December 31, 2021 and 2020. The Company has provided full valuation allowance on all its input tax for 2021 and 2020 as it sees no economic use for it in the future.

Noncurrent Assets

Advances to related parties (net)

The Company, in the normal course of business, has transactions with related parties. Such transactions are unsecured and partially impaired. The Company did not provide nor received any guarantee on its transaction with related parties. All outstanding balances are to be settled through cash or offsetting arrangement. This account consists of advances to Forum Exploration, Inc. (FEI) and The Wellex Group, Inc. (TWGI). Total amount recorded for the year 2021 and 2020 (net of allowance for impairment loss of ₱221,205,384 and ₱221,205,384) were ₱252,203,951 and ₱247,332,685, respectively. Increase by ₱4.9 million or 1.97% is due to interest income earned from related parties.

Advances to TWGI

On December 16, 2020, TWGI issued a new promissory note amounting to ₱296,659,777 in favor of the Company. The term of the loan is five years maturing on December 15, 2025, bearing an interest of 2% per annum. Accrued interest receivable for this promissory note amounted to ₱6,180,411 and ₱247,216 as at December 31, 2021 and 2020, respectively.

To settle the outstanding advances, the Company entered into the following contracts with TWGI, which in return, amounts incurred will be applied to the outstanding advances:

1. The Company leases an office space from TWGI starting May 2014. The lease is for a period of two years but renewable thereafter upon mutual agreement of both parties. The contract has been renewed thrice since then and is currently valid until April 30, 2022. Total rental and utilities expense charged to operations amounted to ₱222,000 for both years ended December 31, 2021 and 2020, respectively.
2. In April 2012, the Company has entered into a consultancy agreement with TWGI, whereby the latter will provide corporate planning and financial services on its various corporate functions and undertakings. The contract has been renewed four times since then

and is currently valid until April 30, 2022. Total management fee charged to operations amounted to ₱480,000 for both years ended December 31, 2021 and 2020, respectively.

The Company originally provide allowance for impairment on advances to TWGI prior to agreements entered into to settle the outstanding advances. Allowance for impairment will be reversed once the unimpaired portion of advances is substantially collected and upon assessment by the management on the continuity of the existing agreements.

Advances to FEI

Advances to FEI pertain to the carrying value of exploration net assets transferred by the Company in 2007. Outstanding balance for the years ended December 31, 2021 and 2020 amounted to ₱171,631,076, gross of allowance for impairment loss. The Company recognized an additional impairment loss amounting to nil in 2021 and 2020, as review on the FEI financial status and operations showed an unlikely possibility of collection.

FEI is a legal and owner of 100% interest in Service Contract (SC) 40, an upstream oil and gas contract area in the Philippines, entered into with the Philippine Government through the Department of Energy. Annual gas production from field on SC 40 totaled 41.09 million standard cubic feet (MMSCF) and 78.66 MMSCF since the start of production in 2012.

FEI has also implemented Work Program and Budget as approved by DOE last November 17, 2014 which includes, among others, a commitment to perform land gravity survey over the Dalingding Structure starting March 2015. Since 2014, FEI has performing geological and geophysical study aimed to identify and prioritize highly prospective areas for future exploration.

The Company is positive on FEI's on its exploration and future development work in providing the viability of its oil properties to produce oil in commercial quantities.

As at December 31, 2021 and 2020, FEI has not yet returned the value of the exploration assets that the Company transferred.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (net)

Financial Assets at Fair Value Through Other Comprehensive Income as at December 31 consist of:

	2021	2020
Unquoted shares		
Balance at beginning of the year	₱85,711,573	₱85,711,573
Additions	-	-
Balance at end of the year	85,711,573	85,711,573
Impairment loss	(20,000,000)	(20,000,000)
	65,711,573	65,711,573
Quoted shares		
Cost	7,529,480	7,529,480
Net unrealized fair value gain	18,070,763	13,804,055
	25,600,243	21,333,535
	₱91,311,816	₱87,045,108

Unquoted shares - Forum exploration, Inc. (FEI)

Investment in unquoted shares of stock represents ownership of the Company in Forum Exploration, Inc. and Taguig Lake City Development Corporation as at December 31, 2021. These investments are classified as financial assets at FVOCI as the Company does not participate in the financial and operating policy of the investee which manifests control, joint control or significant influence. These Company believes the carrying amount of these unquoted shares of stock approximate fair value.

Quoted shares - Philippine Estates Corporation (PHES)

Investment in quoted shares of stock represents investment in Philippine Estates Corporation (PHES), a publicly listed company. The Company owns 50,196,553 common shares and constitutes 3.47% ownership in PHES. The fair value of these shares has been determined directly by reference to published prices in the active market.

Right-of-Use Asset

Right-of-use asset are the asset that represents lessee's right to use an asset over the lease term. The Company recognized a right-of-use asset as a result of adoption of PFRS 16. The carrying amount of right-of-use asset is ₱38,380 and ₱153,522 as of 2021 and 2020, respectively. Based on the

impairment review of the Company's right-of-use asset, the Company believes that there is no indication of impairment on its right-of-use asset as at December 31, 2021 and 2020 (Note 8).

Deferred Tax Asset

Due to the adoption of PFRS 16, the Company has an outstanding balance of Deferred Tax Asset amounting to ₱10,451 and ₱48,112 as of December 31, 2021 and 2020, respectively (Note 14).

LIABILITIES

Accounts Payable and other liabilities

These accounts consist of Accounts Payable, Withholding Tax Payable, Accrued Expense and Deferred Output VAT accounts. Total amounted recorded for 2021 and 2020 were to ₱1,266,121 and ₱340,525 respectively, with an increase by ₱925,596 or 271.81% due mostly to the Deferred Output VAT reported amounting to ₱741,649.

Lease Liability

The Company adopted PFRS 16 in year 2019. The Company recognized the asset as 'right-of-use asset' and corresponding lease liability (current and non-current) with present value of ₱41,806 and ₱160,373 as of December 31, 2021 and 2020, respectively or a decrease by ₱118,567 or 73.93% (Note 11).

Advances from Affiliate

Advances from Forum Exploration, Inc. Ltd. (FEI – Ltd.)

The Company received cash advances from Forum (FEI) Ltd. to finance its acquisition of 60% stockholdings of Forum Coal Cebu Holdings, Inc. (FCCHI; Company's subsidiary which was formally dissolved last July 6, 2012). The Company received USD denominated cash advances from FEI, Ltd. with no definite terms of payment. Outstanding balance of account as of December 31, 2021 and 2020 were ₱4,228,951 and ₱3,982,175 respectively.

Deferred Tax Liability

Due to the adoption of PFRS 16, the Company has an outstanding balance of Deferred Tax Liability amounting to ₱9,595 and ₱46,057 as of December 31, 2021 and 2020, respectively (Note 14).

Calendar Year Ended December 31, 2020 vs. Calendar Year Ended December 31, 2019

Key Performance Indicators

The company determine their performance on the following five (5) indicators:

1. Advances to Related Parties - currently, The Wellex Group, Inc. (TWGI), one of the company's major stockholders, is funding all operational expenses of the Company. Total advances made as of December 31, 2020 and 2019 are ₱2,906,627 and ₱2,183,312, respectively. These advances are offset against the outstanding receivable of the company from TWGI.
2. Current Ratios - current assets against the current liabilities of the Company. It measures the company's ability to pay short-term obligations. Current ratio for the year 2020 is 143.00% and 70.10% for 2019. A significant increase in the ratio by 72.90% was mainly due to net cash increase of ₱410,070. The net increase is composed of cash flows from operating, investing and financing activities.
3. Cash Ratio - the most conservative liquidity ratio. It excludes all current assets except the most liquid: cash and cash equivalents. It measures the amount of cash and cash equivalents there are in the current assets to cover current liabilities. The cash ratio of the company for the year 2020 is 134.76% and 58.96% for 2019. Same with the current ratio, increase in cash ratio was due to increase in cash resulting from the Company's cash flows from operating, investing and financing activities.
4. Debt ratio - it is one of the financial leverage ratios which measure the extent to which the firm is using long term debt. Formula is total debt divided by total assets. Debt ratio for the year 2020 is 1.35% and 1.35% 2019.
5. Debt-to-equity ratio - the formula is total debt divided by total equity. It indicates what proportion of equity and debt that the company is using to finance its assets. The debt to equity ratio for the year 2020 is 1.37% and 1.35% for 2019.

CHANGES IN RESULTS OF OPERATION

Revenues and Earnings per share

Since the company ceased to have control over Express Savings Bank, Inc. and still banking on new petroleum and gas service contracts, the company has no revenues recorded in the year 2020, 2019 and 2018.

The company incurred losses of ₱2.3 million, ₱2.1 million and ₱2.1 million in 2020, 2019 and 2018, respectively. Loss per share for 2020, 2019 and 2018 were ₱0.002, ₱0.002 and ₱0.002, respectively. In line with the plan for the next twelve months, the Board will continue to explore business opportunities to aspire for maximized potential earnings.

Cost and Expenses

Cost and expenses consisted primarily of membership fees and dues, professional fees, utilities, taxes and licenses, management fee, donations, publication and depreciation. For the years 2020 and 2019, amounts recorded were ₱2.5 million and ₱2.0 million respectively. See notes to financial statement for the breakdown of the expenses.

Other Income (Expenses)

This account is composed of interest income in advances to related parties, unrealized foreign exchange gain/(loss), finance cost and provision for impairment of input tax.

For 2020 and 2019, the Company provided an allowance for impairment of input tax amounting to ₱202,163 and ₱192,517, respectively. Unrealized foreign exchange loss/gain for 2020 and 2019 are ₱216,592 and ₱161,284, respectively. It arises from the fluctuation of Peso to U.S. dollar exchange rates on the Company's payable to FEI, Ltd. amounting to \$82,229.24 as of December 31, 2020.

Interest and other income for 2020, 2019 and 2018 amounted to ₱518, ₱553 and ₱459, respectively. The company reported loans receivable income in advances to related parties in 2020 amounting to ₱247,216. The Company also reported a Finance cost in 2020 and 2019 amounted to ₱40,000 and ₱37,677, respectively.

CHANGES IN FINANCIAL CONDITION

ASSETS

Current Assets

Cash

Cash in bank carries interest at respective bank deposit rate. For the year 2020 and 2019, the total cash and cash equivalents were ₱625,346 and ₱215,276, respectively. On July 19, 2012, the Board of Directors approved the opening of a deposit account with Banco De Oro-Meralco Ave. - Branch to facilitate the collection and disbursement processes of the company.

Prepayments and other current assets

The account is composed of advances to officers and employees and other assets amounting to ₱38,213 and input tax of ₱2,236,547 with provision for valuation allowance of the same amount for the year December 31, 2020. Prepayments and other current assets decrease by ₱2,439 or 6%.

Input tax is stated at face value less provision for impairment, if any. Allowance for unrecoverable input tax, if any, is maintained by the Company at a level considered adequate to provide potential uncollectible portion of the claims. The Company, on a continuing basis, makes a review of the status has no outstanding balance for the year ended December 31, 2020 and 2019. The Company has provided full valuation allowance on all its input tax for 2020 and 2019 as it sees no economic use for it in the future.

Noncurrent Assets

Advances to related parties (net)

The Company, in the normal course of business, has transactions with related parties. Such transactions are unsecured and partially impaired. The Company did not provide nor received any guarantee on its transaction with related parties. All outstanding balances are to be settled through cash or offsetting arrangement. This account consists of advances to Forum Exploration, Inc. (FEI) and The Wellex Group, Inc. (TWGI). Total amount recorded for the year 2020 and 2019 (net of allowance for impairment loss of ₱221,205,384 and ₱221,205,384) were ₱247,332,685 and ₱250,239,312, respectively. Decrease by ₱2.9 million or 1.16% is due to cash collected from related parties.

Advances to TWGI

As of December 31, 2019, there was an existing promissory note amounting to ₱301,996,932 issued by TWGI in favor of the Company. The promissory note is non-interest bearing and will mature on December 16, 2023. On December 16, 2020, TWGI issued a new promissory note amounting to ₱296,659,777 which superseded the previous promissory note. The term of the loan is five years maturing on December 15, 2025, bearing an interest of 2% per annum. Accrued interest receivable for this promissory note amounted to ₱247,216 as at December 31, 2020.

To settle the outstanding advances, the Company entered into the following contracts with TWGI, which in return, amounts incurred will be applied to the outstanding advances:

1. The Company leases an office space from TWGI starting May 2014. The lease is for a period of two years but renewable thereafter upon mutual agreement of both parties. The contract has been renewed thrice since then and is currently valid until April 30, 2022. Total rental and utilities expense charged to operations amounted to ₱222,000 for both years ended December 31, 2020 and 2019, respectively.
2. In April 2012, the Company has entered into a consultancy agreement with TWGI, whereby the latter will provide corporate planning and financial services on its various corporate functions and undertakings. The contract has been renewed four times since then and is currently valid until April 30, 2022. Total management fee charged to operations amounted to ₱480,000 for both years ended December 31, 2020 and 2019, respectively.

The Company originally provide allowance for impairment on advances to TWGI prior to agreements entered into to settle the outstanding advances. Allowance for impairment will be reversed once the unimpaired portion of advances is substantially collected and upon assessment by the management on the continuity of the existing agreements.

Total collections of advances to TWGI amounted to ₱2,906,627 and ₱2,183,312 in 2020 and 2019, respectively.

Advances to FEI

Advances to FEI pertain to the carrying value of exploration net assets transferred by the Company in 2007. Outstanding balance for the years ended December 31, 2020 and 2019 amounted to ₱171,631,076, gross of allowance for impairment loss. The Company recognized an additional impairment loss amounting to nil in 2020 and 2019, as review on the FEI financial status and operations showed an unlikely possibility of collection.

FEI is a legal and owner of 100% interest in Service Contract (SC) 40, an upstream oil and gas contract area in the Philippines, entered into with the Philippine Government through the Department of Energy. Annual gas production from field on SC 40 totaled 41.09 million standard cubic feet (MMSCF) and 78.66 MMSCF since the start of production in 2012.

FEI has also implemented Work Program and Budget as approved by DOE last November 17, 2014 which includes, among others, a commitment to perform land gravity survey over the Dalingding Structure starting March 2015. Since 2014, FEI has performing geological and geophysical study aimed to identify and prioritize highly prospective areas for future exploration.

The Company is positive on FEI's on its exploration and future development work in providing the viability of its oil properties to produce oil in commercial quantities.

As at December 31, 2020 and 2019, FEI has not yet returned the value of the exploration assets that the Company transferred.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (net)

Financial Assets at Fair Value Through Other Comprehensive Income as at December 31 consist of:

	2020	2019
Unquoted shares		
Balance at beginning of the year	₱85,711,573	₱85,711,573
Additions	-	-
Balance at end of the year	85,711,573	85,711,573
Impairment loss	(20,000,000)	(20,000,000)
	65,711,573	65,711,573

Quoted shares		
Cost	7,529,480	7,529,480
Net unrealized fair value gain	13,804,055	14,055,038
	21,333,535	21,584,518
	₱87,045,108	₱87,296,091

Unquoted shares - Forum exploration, Inc. (FEI)

Investment in unquoted shares of stock represents 33.33% ownership or 62,500,000 shares of the Company in Forum Exploration, Inc. as at December 31, 2020. Previously 100% owned, the Company sold its 66.67% ownership, or 125 million shares to Tracer Petroleum Corporation (TCP), now Forum Energy, Inc. in 2003. Subsequent to sale, the Company did not have any material transaction with FEI, which manifests that it has ceased to have significant influence on the financial and operating policy decisions of FEI. These investments are classified as financial assets at FVOCI as the Company does not participate in the financial and operating policy of the investee which manifests control or significant influence. These investments are stated at cost less impairment loss since there is no quoted price in an active market.

Quoted shares - Philippine Estates Corporation (PHES)

Investment in quoted shares of stock represents investment in Philippine Estates Corporation (PHES), a publicly listed company. The Company owns 50,196,553 common shares and constitutes 3.47% ownership in PHES. The fair value of these shares has been determined directly by reference to published prices in the active market.

Right-of-Use Asset

Right-of-use asset are the asset that represents lessee's right to use an asset over the lease term. During 2020, the Company recognized a right-of-use asset as a result of adoption of PFRS 16. The carrying amount of right-of-use asset is ₱153,522 and ₱36,117 as of 2020 and 2019, respectively. Increase was due on the additions recorded in 2020 in the amount of ₱230,283. Based on the impairment review of the Company's right-of-use asset, the Company believes that there is no indication of impairment on its right-of-use asset as at December 31, 2020 and 2019 (Note 8 of the Audited Financial Statements).

Deferred Tax Asset

Due to the adoption of PFRS 16, the Company has an outstanding balance of Deferred Tax Asset amounting to ₱48,112 and ₱12,027 as of December 31, 2020 and 2019, respectively (Note 14 of the Audited Financial Statements).

LIABILITIES

Accounts Payable and other liabilities

These accounts consist of Accounts Payable, Withholding Tax Payable and Accrued Expense accounts. Total amounted recorded for 2020 and 2019 were to ₱340,525 and ₱325,025 respectively, with an increase by ₱15,500 or 4.77%.

Lease Liability

The Company adopted PFRS 16 in year 2019. The Company recognized the asset as 'right-of-use asset' and corresponding lease liability (current and non-current) with present value of ₱160,373 and ₱40,090 as of December 31, 2020 and 2019, respectively or an increase by ₱120,283 or 300% (Note 11 of the Audited Financial Statements).

Advances from Affiliate

Advances from Forum Exploration, Inc. Ltd. (FEI – Ltd.)

The Company received cash advances from Forum (FEI) Ltd. to finance its acquisition of 60% stockholdings of Forum Coal Cebu Holdings, Inc. (FCCHI; Company's subsidiary which was formally dissolved last July 6, 2012). The Company received USD denominated cash advances from FEI, Ltd. with no definite terms of payment. Outstanding balance of account as of December 31, 2020 and 2019 were ₱3,982,175 and ₱4,198,767 respectively.

Deferred Tax Liability

Due to the adoption of PFRS 16, the Company has an outstanding balance of Deferred Tax Liability amounting to ₱46,057 and ₱10,835 as of December 31, 2020 and 2019, respectively (Note 14).

Undertaking

Forum Pacific, Inc., as registrant, will provide the stockholders a copy of Annual Report (SEC Form 17-A) free of charge. Any written request for a copy of Annual Report shall be addressed to the Office of the Corporate Secretary c/o Forum Pacific, Inc., 35th Flr., One Corporate Centre, Doña Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City. A copy of the report will also be downloaded in the Company Website.

Interim Period as of Quarter Ended June 30, 2023

The following are the discussions for the interim report covering the period for the 2nd quarter ended June 30, 2023.

Key Performance Indicators:

1. Advances to Related Parties – currently, TWGI is funding all operational expenses of the Company.
2. Current Ratios – current assets against the current liabilities of the Company. It measures the Company's ability to pay short-term obligations. Current Ratio for the 2nd quarter of 2023 and 2022 are 20.02% and 37.84%, respectively.
3. Cash Ratio – the most conservative liquidity ratio. It excludes all current assets except the most liquid – cash and cash equivalents. It measures the amount of cash and cash equivalents there are in the current assets to cover current liabilities. The cash ratio of the company for the 2nd quarter of 2023 and 2022 are 17.70% and 33.12%, respectively.
4. Debt ratio - it is one of the financial leverage ratios which measure the extent to which the firm is using long term debt. Formula is total debt divided by total assets. Debt ratio for the 2nd quarter of 2023 and 2022 are 1.88% and 1.60%, respectively.
5. Debt-to-equity ratio - The formula is total debt divided by total equity. It indicates what proportion of equity and debt that the Company is using to finance its assets. The debt to equity ratio for the 2nd quarter of 2023 and 2022 are 1.91% and 1.63%, respectively.

Financial Highlights

☐ Unaudited Income Statements

	April – June 2023	April – June 2022	January – June 2023	January – June 2022
Revenues	₱-	₱-	₱-	₱-
Less: Costs and Expenses	375,189	391,890	943,397	948,806
Loss from Operation	(375,189)	(391,890)	(943,397)	(948,806)
Add: Other Income/(Expenses)	(122,080)	(299,418)	(86,284)	(468,110)
Loss before Income Tax	(497,269)	(691,308)	(1,029,681)	(1,416,916)
Income Tax Expense	-	-	-	-
Net Loss for the quarter	(497,269)	(691,308)	(1,029,681)	(1,416,916)
Loss per share	(₱0.0004)	(₱0.0006)	(₱0.0009)	(₱0.0012)

☐ Unaudited Balance Sheets

	As of June 30, 2023	As of June 30, 2022	As of December 31, 2022
Assets	₱337,712,093	₱335,728,215	₱341,311,892
Liabilities	6,333,271	5,378,011	6,895,527
Stockholders' Equity	331,378,822	330,350,204	334,416,365
Total Liabilities & Stockholders' Equity	₱337,712,093	₱335,728,215	₱341,311,892

Interim quarter ended June 30, 2023 compared with quarter ended June 30, 2022

RESULTS OF OPERATION

Revenues and Loss per share

Since the Company is exploring business opportunities given the volatile situation of metal and oil prices in the global market, the Company has no revenues for the 2nd quarter of 2023 and 2022.

The Company incurred losses of ₱0.5 million and ₱0.7 million for quarters ended June 30, 2023 and 2022, respectively. Loss per share for the 2nd quarter of 2023 and 2022 were ₱0.0004 and ₱0.0006, respectively. In line with the plan for the next twelve months, the Board continue to explore business opportunities to aspire for maximized potential earnings.

Costs and Expenses

Costs and expenses for the 2nd Quarter consisted primarily of dues and subscriptions, professional fees, rental, storage, taxes and licenses, transportation and miscellaneous.

Costs and expenses recorded for the 2nd quarter of 2023 and 2022 were ₱375,189 and ₱391,890, respectively. Decreased of ₱16,701 or 4.26% in the quarter ended June 30, 2023 versus June 30, 2022 was mainly due to the net effect of decrease in donations by ₱26,756, taxes and licenses by ₱21,037, meals by ₱4,942 and transportation expense by ₱4,380 and increase in dues and subscription by ₱1,850, fee of stock transfer agent by ₱15,000, representation expense by ₱6,000 and miscellaneous expense by ₱17,564.

The Company has incurred other expenses/(income) amounting to ₱122,080 and ₱299,418 in the 2nd Quarter of 2023 and 2022, respectively. Decrease was due to lower unrealized forex loss recognized in 2023 as compared in 2022.

FINANCIAL CONDITION

Current Assets

Current assets consist of cash in bank, input tax and other current assets. Cash in bank carries interest at respective bank deposit rate. On July 19, 2012, the Board of Directors approved the opening of a deposit account with Banco De Oro to facilitate the collection and disbursement processes of the Company. Input tax is stated at face value less provision for impairment, if any. Allowance for unrecoverable input tax, if any, is maintained by the Company at a level considered adequate to provide potential uncollectible portion of the claims. The Company, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

Balance of cash in bank as of June 30, 2023 and 2022 were ₱291,514 and ₱268,351, respectively. The Company provided full valuation on its input tax as of June 30, 2023 amounting to ₱2,753,189.

Non-Current Assets

Related Party Transaction Account

The Company, in the normal course of business, has transactions with related parties. Such transactions are unsecured, non-interest bearing and with no definite terms of repayment period. The Company did not provide nor received any guarantee on its transaction with related parties. All outstanding balances are to be settled through cash or offsetting arrangement.

Related Parties	Relationship	Outstanding Balance	
		June 30, 2023	June 30, 2022
The Wellex Group, Inc.	Common key management	₱142,985,901	₱138,955,480
Forum Exploration, Inc.	Common key management	111,631,076	111,631,076
Forum Exploration, Ltd.	Common key management	(4,590,728)	(4,558,236)

A. Advances to The Wellex Group, Inc. (TWGI)

On December 16, 2020, TWGI issued a new promissory note amounting to ₱296,659,777 in favor of the Company. The term of the loan is five years maturing on December 15, 2025, bearing an interest of 2% per annum. Accrued interest receivable for this promissory note amounted to ₱13,537,574 and ₱6,180,411 as at June 30, 2023 and 2022, respectively.

To settle the outstanding advances, the Company entered into the following contracts with TWGI, which in return, amounts incurred will be applied to the outstanding advances:

The Company leases an office space in May 2014 from The Wellex Group, Inc. (TWGI) located at the 35th Floor One Corporate Centre, Doña Julia Vargas Ave. corner Meralco Ave., Ortigas Center, Pasig City. The lease is for a period of two years but renewable thereafter upon mutual agreement of both parties. The contract has been rented fifth time since then and is currently valid until April 30, 2024. Office space quarterly rental including storage room usage and utilities is ₱55,500, exclusive of VAT and withholding tax for both periods ended June 30, 2023 and 2022.

In April 2012, the Company has entered into a consultancy agreement with TWGI, whereby the latter will provide corporate planning and financial services on its various corporate functions and undertakings. The contract has been renewed fifth time since then and is currently valid until April 30, 2024. Total management fee charged to operations amounted to ₱120,000 for both periods ended June 30, 2023 and 2022.

The carrying amount of advances to TWGI as at June 30 as follows:

	2023	2022
Advances	₱304,191,285	₱300,160,863
Allowance for impairment loss	(161,205,384)	(161,205,384)
Net carrying amount	₱142,985,901	₱138,955,480

The Company originally provides allowance for impairment amounting to ₱161,205,384 and ₱161,205,384 as at June 30, 2023 and 2022, respectively, on advances to TWGI prior to agreements entered to settle the outstanding advances. Allowance for impairment will be reversed once the unimpaired portion of advances is substantially collected and upon assessment by the management on the continuity of the existing agreements.

B. Advances to Forum Exploration Inc. (FEI)

Advances to FEI pertain to the carrying value of exploration net assets transferred by the Company. No transaction in the account balance was recognized for the quarters ended June 30, 2023 and 2022.

FEI, a 33.33% owned entity of FPI is a legal and beneficial owner of 100% interest in Service Contract (SC 40), an upstream oil and gas contract area in the Philippines, entered into with the Philippine Government through the Department of Energy (DOE). Annual gas production from field on SC 40 totaled 41.09 million standard cubic feet (MMSCF) and 78.66 MMSCF since the start of production in 2012.

In SC 40 (Northern Cebu), which FEL operates through its 66.67% subsidiary, Forum Exploration, Inc. ("FEI"), conducted a land gravity survey over Libertad and Dalingding areas in Bogo City and Daanbantayan Municipality, respectively. The gravity survey aimed to further delineate the carbonate bodies detected in the said areas by the initial 3D gravity modelling exercise.

In June 2022, FEI contracted a drilling consultant to prepare drilling programs and budgets for two wells, one of which will be located in the Dalingding Prospect, a reef structure defined by seismic with the Late Miocene to Pliocene-age Barili Limestone as the primary target. A well, Dalingding-1, drilled this structure in 1996 and was plugged and abandoned as a dry hole with minor gas shows after reaching a total depth of 1,508 ft. FEI's recent re-evaluation of the prospect had concluded that Dalingding-1, did not reach the Barili target, which is currently estimated at 480ft, below the well's final depth. FEI Proposes drilling Dalingding-2 down to 4,000 ft to reach the Baril Limestone and secondary targets underneath.

On December 16, 2022, FEI submitted the SC 40 WP&B for 2023 with a firm program consisting of an Independent Technical Evaluation of the Maya and Dalingding Prospects to be carried out in the second quarter of 2023. This was approved by the DOE on February 15, 2023. The evaluation started shortly thereafter and is going as of end of second quarter of 2023.

The Company has outstanding advances to FEI pertaining to the value of exploration assets transferred by the Company as follows:

	2023	2022
Advances	₱171,631,076	₱171,631,076
Allowance for impairment loss	(60,000,000)	(60,000,000)
Net carrying amount	₱111,631,076	₱111,631,076

The Company remains positive on FEI's success on its exploration and future development work in providing the viability of its oil properties to produce oil in commercial quantities.

As at June 30, 2023 and 2022, FEI has not yet returned the value of the exploration assets that the Company transferred.

C. Advances from Forum GSEC 101 Ltd. (Forum Exploration, Inc., Ltd.)

The Company received USD denominated cash advances from Forum (FEI), Ltd. amounted to \$82,922 with no definite terms of payment. Outstanding balance as at June 30, 2023 and 2022 amounted to ₱4,590,728 and ₱4,558,236, respectively.

Financial Assets at FVOCI (net)

Financial Assets at FVOCI as at June 30 consist of:

	2023	2022
Unquoted shares		
Cost	₱85,711,574	₱85,711,574
Impairment loss	(20,000,000)	(20,000,000)
	65,711,574	65,711,574
Quoted shares		
Cost	7,529,480	7,529,480
Net unrealized fair value gain	9,286,365	11,545,210
	16,815,845	19,074,690
	₱82,527,419	₱84,786,264

Investment in unquoted shares of stock represents ownership of the Company in Forum Exploration, Inc. (FEI) and Taguig Lake City Development Corporation (TLCDC). These investments are classified as financial assets at FVOCI as the Company does not participate in the financial and operating policy of the investee which manifests control, joint control or significant influence. The Company believes that the carrying amount of these quoted shares of stock approximates fair value.

Investment in quoted shares of stock represents ownership investment in Philippine Estates Corporation (PHES), a publicly listed Company. The fair value of these shares has been determined directly by reference to published prices in the active market

The Company's financial assets at FVOCI as at June 30, 2023 and 2022 are not held as collateral for its financial liabilities.

Right-Of-Use Asset (net)

Right-of-use asset are the asset that represents lessee's right to use an asset over the lease term. The carrying amount of right-of-use is ₱190,052 and ₱38,380 as of June 30, 2023 and 2022, respectively or a decrease by ₱151,672 or 395.18%.

The recognition of right-of-use asset has a corresponding lease liability. The present value of the lease liability – current amounted to ₱143,349 and ₱41,806 in June 30, 2023 and 2022, respectively, with an increase of ₱101,543 or 242.89% and lease liability – noncurrent amounting to ₱48,323 and nil in June 30, 2023 and 2022, respectively.

Based in the impairment review of the Company's right-of-use asset, the Company believes that there is no indication of impairment on its right-of-use asset as at June 30, 2023 and 2022.

Remuneration to key management personnel

With the Company's tight cash position, management decided to suspend any form of compensation given to key management personnel for the periods ended June 30, 2023 and 2022.

Others

The administrative function of the Company is performed by its related party, TWGI.

Current liabilities

This is primarily consisting of accounts payable and other current liabilities (including payable for retainer fees of legal counsels and stock transfer agent, quarterly website maintenance, accrued expenses, withholding taxes payable and deferred output VAT, lease liability – current and income tax payable. Total outstanding balance as at June 30, 2023 and 2022 amounted to ₱1,646,707 and ₱810,180, respectively or an increase by ₱836,527 or 103.25%. This is mainly due to increase in accounts payable and other current liabilities including deferred output vat on interest receivable by ₱734,984 and increase in current lease liability by ₱101,543.

Interim quarter ended June 30, 2022 compared with quarter ended June 30, 2021

RESULTS OF OPERATION

Revenues and Loss per share

Since the Company is exploring business opportunities given the volatile situation of metal and oil prices in the global market, the Company has no revenues for the 2nd quarter of 2022 and 2021.

The Company incurred losses of ₱0.7 million and ₱0.4 million for quarters ended June 30, 2022 and 2021, respectively. Loss per share for the 2nd quarter of 2022 and 2021 were ₱0.0006 and ₱0.0003, respectively. In line with the plan for the next twelve months, the Board continue to explore business opportunities to aspire for maximized potential earnings.

Costs and Expenses

Costs and expenses as of 2nd Quarter consisted primarily of donations, dues and subscriptions, miscellaneous, office supplies, professional fees, rental, storage, taxes and licenses and transportation expenses.

Costs and expenses recorded for the 2nd quarter of 2022 and 2021 were ₱391,890 and ₱321,350, respectively. Increased of ₱70,540 or 21.95% in the quarter ended June 30, 2022 versus June 30, 2021 was mainly due to the increase in donations by ₱26,756, decrease in dues and subscriptions by ₱2,600, increase in miscellaneous by ₱2,317, increase in office supplies by ₱4,464, decrease in professional fee by ₱20,000, increase in taxes and licenses by ₱58,074 and increase in transportation by ₱1,980.

The Company has incurred other expenses amounting to ₱299,460 and other income amounting to ₱41.77 in the 2nd Quarter of 2022 and 2021, respectively. Increase in other expenses was due to unrealized forex loss in 2022 as compared in 2021.

FINANCIAL CONDITION

Current Assets

Current assets consist of cash in bank, input tax and other current assets. Cash in bank carries interest at respective bank deposit rate. On July 19, 2012, the Board of Directors approved the opening of a deposit account with Banco De Oro to facilitate the collection and disbursement processes of the Company. Input tax is stated at face value less provision for impairment, if any. Allowance for unrecoverable input tax, if any, is maintained by the Company at a level considered adequate to provide potential uncollectible portion of the claims. The Company, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

Balance of cash in bank as of June 30, 2022 and 2021 were ₱268,351 and ₱312,559, respectively. The Company provided full valuation on its input tax as of June 30, 2022 amounting to ₱2,555,655.

Noncurrent Assets

Financial Assets at FVOCI (net)

Financial Assets at FVOCI (net) as at June 30 consist of:

	2022	2021
Unquoted shares		
Cost	₱85,711,574	₱85,711,574
Impairment loss	(20,000,000)	(20,000,000)
	65,711,574	65,711,574
Quoted shares		
Cost	7,529,480	7,529,480
Net unrealized fair value gain	11,545,210	29,114,003
	19,074,690	36,643,483
	₱84,786,264	₱102,355,057

Investment in unquoted shares of stock represents ownership of the Company in Forum Exploration, Inc. (FEI) and Taguig Lake City Development Corporation (TLCDC). These investments are classified as financial assets at FVOCI as the Company does not participate in the financial and operating policy of the investee which manifests control, joint control or significant influence. The Company believes that the carrying amount of these quoted shares of stock approximates fair value.

Investment in quoted shares of stock represents ownership investment in Philippine Estates Corporation (PHES), a publicly listed Company. The fair value of these shares has been determined directly by reference to published prices in the active market

The Company's financial assets at FVOCI as at June 30, 2022 and 2021 are not held as collateral for its financial liabilities.

Right-Of-Use Asset (net)

Right-of-use asset are the asset that represents lessee's right to use an asset over the lease term. The carrying amount of right-of-use is ₱38,380 and ₱153,522 as of June 30, 2022 and 2021, respectively or a decrease by ₱115,141.

The recognition of right-of-use asset has a corresponding lease liability. The present value of the lease liability – current amounted to ₱41,806 and ₱118,567 in 2nd quarters of 2022 and 2021, respectively, with a decrease of ₱76,761 or 64.74% and lease liability – noncurrent amounting to nil and ₱41,806 in 2nd quarters of 2022 and 2021, respectively.

Based in the impairment review of the Company's right-of-use asset, the Company believes that there is no indication of impairment on its right-of-use asset as at June 30, 2022 and 2021.

Deferred Tax Asset

Due to the adoption of PFRS 16, the Company has an outstanding balance of Deferred Tax Asset amounting to ₱10,451 and ₱48,112 as of June 30, 2022 and 2021, respectively.

Related Party Transaction Account

The Company, in the normal course of business, has transactions with related parties. Such transactions are unsecured, non-interest bearing and with no definite terms of repayment period. The Company did not provide nor received any guarantee on its transaction with related parties. All outstanding balances are to be settled through cash or offsetting arrangement.

Relationships, Transactions and Account Balances

Related Parties	Relationship	Outstanding Balance	
		June 30, 2022	June 30, 2021
The Wellex Group, Inc.	Common key management	₱138,955,480	₱134,767,336
Forum Exploration, Inc.	Common key management	111,631,076	111,631,076
Forum Exploration, Ltd.	Common key management	(4,558,236)	(4,025,045)

Advances to The Wellex Group, Inc. (TWGI)

On December 16, 2020, TWGI issued a new promissory note amounting to ₱296,659,777 in favor of the Company. The term of the loan is five years maturing on December 15, 2025, bearing an interest of 2%

per annum. Accrued interest receivable for this promissory note amounted to ₱6,180,411 and ₱247,216 as at June 30, 2022 and 2021, respectively.

To settle the outstanding advances, the Company entered into the following contracts with TWGI, which in return, amounts incurred will be applied to the outstanding advances:

The Company leases an office space in May 2014 from The Wellex Group, Inc. (TWGI) located at the 35th Floor One Corporate Centre, Doña Julia Vargas Ave. corner Meralco Ave., Ortigas Center, Pasig City. The lease is for a period of two years but renewable thereafter upon mutual agreement of both parties. The contract has been rented fourth time since then and is currently valid until April 30, 2024. Office space quarterly rental including storage room usage and utilities is ₱55,500, exclusive of VAT and withholding tax for both periods ended June 30, 2022 and 2021.

In April 2012, the Company has entered into a consultancy agreement with TWGI, whereby the latter will provide corporate planning and financial services on its various corporate functions and undertakings. The contract has been renewed fifth time since then and is currently valid until April 30, 2024. Total management fee charged to operations amounted to ₱120,000 for both periods ended June 30, 2022 and 2021.

The carrying amount of advances to TWGI as at June 30 as follows:

	2022	2021
Advances	₱300,160,863	₱295,972,720
Allowance for impairment loss	(161,205,384)	(161,205,384)
Net carrying amount	₱138,955,480	₱134,767,336

The Company originally provides allowance for impairment amounting to ₱161,205,384 and ₱161,205,384 as at June 30, 2022 and 2021, respectively, on advances to TWGI prior to agreements entered to settle the outstanding advances. Allowance for impairment will be reversed once the unimpaired portion of advances is substantially collected and upon assessment by the management on the continuity of the existing agreements.

Advances to Forum Exploration Inc. (FEI)

Advances to FEI pertain to the carrying value of exploration net assets transferred by the Company. No transaction in the account balance was recognized for the quarters ended June 30, 2022 and 2021.

FEI is a legal and beneficial owner of 100% interest in Service Contract (SC 40), an upstream oil and gas contract area in the Philippines, entered into with the Philippine Government through the Department of Energy (DOE). Annual gas production from field on SC 40 totaled 41.09 million standard cubic feet (MMSCF) and 78.66 MMSCF since the start of production in 2012.

FEI has also implemented Work Program and Budget as approved by DOE on November 17, 2014 which includes, among others, a commitment to perform land gravity survey over the Dalingding Structure starting March 2015. Since 2014, FEI has performing geological and geophysical study aimed to identify and prioritize highly prospective areas for future exploration.

The Company has outstanding advances to FEI pertaining to the value of exploration assets transferred by the Company as follows:

	2022	2021
Advances	₱171,631,076	₱171,631,076
Allowance for impairment loss	(60,000,000)	(60,000,000)
Net carrying amount	₱111,631,076	₱111,631,076

The Company remains positive on FEI's success on its exploration and future development work in providing the viability of its oil properties to produce oil in commercial quantities.

As at June 30, 2022 and 2021, FEI has not yet returned the value of the exploration assets that the Company transferred.

Advances from Forum (FEI), Ltd.

The Company received USD denominated cash advances from Forum (FEI), Ltd. with no definite terms of payment. Outstanding balance as at June 30, 2022 and 2021 amounted to ₱4,558,236 and ₱4,025,045, respectively.

Remuneration to key management personnel

With the Company's tight cash position, management decided to suspend any form of compensation given to key management personnel for the period ended June 30, 2022 and 2021.

Others

The administrative function of the Company is performed by its related party, TWGI.

Current liabilities

This is primarily consisting of accounts payable and other current liabilities (including payable for retainer fees of legal counsels and stock transfer agent, accrued expenses, withholding taxes payable and deferred output VAT), lease liability – current and income tax payable. Total outstanding balance as at June 30, 2022 and 2021 amounted to ₱810,180 and ₱220,144, respectively or an increase by ₱590,036 or 268.02%. This is mainly due to increase in accounts payable and other current liabilities by ₱668,033, decrease in current lease liability by ₱76,761 and decrease in income tax payable by ₱1,236.

Interim quarter ended June 30, 2021 compared with quarter ended June 30, 2020

RESULTS OF OPERATION

Revenues and Loss per share

Since the Company is exploring new business opportunities given the volatile situation of metal and oil prices in the global market, the Company has no revenues for the 2nd quarter of 2021 and 2020.

The Company incurred losses of ₱0.4 million and ₱0.2 million for quarters ended June 30, 2021 and 2020, respectively. Loss per share for the 2nd quarter of 2021 and 2020 were ₱0.0003 and ₱0.0002, respectively. In line with the plan for the next twelve months, the Board continue to explore business opportunities to aspire for maximized potential earnings.

Costs and Expenses

Costs and expenses for as of 2nd Quarter consisted primarily of dues and subscriptions, professional fees, rental, storage, miscellaneous and transportation expenses.

Costs and expenses recorded for the 2nd quarter of 2021 and 2020 were ₱321,350 and ₱296,194, respectively. Increased of ₱25,156 or 8.49% was mainly due to the increase payments of dues and subscriptions by ₱3,151, increase in consultancy fee by ₱50,000, decrease in donations by ₱25,000 and decrease in printing expenses by ₱2,745 in the 2nd Quarter 2021.

The Company has incurred other expenses amounting to ₱42,980 and other income amounting to ₱55,462 in the 2nd Quarter of 2021 and 2020, respectively. Decreased was due to lower unrealized forex gain in 2021 as compared in 2020.

FINANCIAL CONDITION

Current Assets

Current assets consist of cash in bank, input tax and other current assets. Cash in bank carries interest at respective bank deposit rate. On July 19, 2012, the Board of Directors approved the opening of a deposit account with Banco De Oro to facilitate the collection and disbursement processes of the Company. Input tax is stated at face value less provision for impairment, if any. Allowance for unrecoverable input tax, if any, is maintained by the Company at a level considered adequate to provide potential uncollectible portion of the claims. The Company, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

Balance of cash in bank as of June 30, 2021 and 2020 were ₱312,559 and ₱283,001, respectively. The Company provided full valuation on its input tax as of June 30, 2021 amounting to ₱2,353,931.

Noncurrent Assets

Financial Assets at FVOCI (net)

Financial Assets at FVOCI (net) as at June 30 consist of:

	2021	2020
Unquoted shares		
Cost	₱85,711,574	₱85,711,574
Impairment loss	(20,000,000)	(20,000,000)
	65,711,574	65,711,574
Quoted shares		
Cost	7,529,480	7,529,480
Net unrealized fair value gain	29,114,003	14,807,983
	36,643,483	22,337,463
	₱102,355,057	₱88,049,037

Investment in unquoted shares of stock represents ownership of the Company in Forum Exploration, Inc. (FEI) and Taguig Lake City Development Corporation. These investments are classified as financial assets at FVOCI as the Company does not participate in the financial and operating policy of the investee which manifests control or significant influence. These investments are stated at cost less impairment loss since there is no quoted price in an active market.

Investment in quoted shares of stock represents ownership investment in Philippine Estates Corporation (PHES), a publicly listed Company. The fair value of these shares has been determined directly by reference to published prices in the active market.

The Company's financial assets at FVOCI as at June 30, 2021 and 2020 are not held as collateral for its financial liabilities.

Right-Of-Use Asset (net)

Right-of-use asset are the asset that represents lessee's right to use an asset over the lease term. During 2019, the Company recognized a right-of-use asset as a result of adoption of PFRS 16. The carrying amount of right-of-use asset is ₱153,522 and ₱36,117 as of June 30, 2021 and 2020, respectively or an increased by ₱117,405.

The recognition of right-of-use asset has a corresponding lease liability. The present value of the lease liability – current amounted to ₱118,567 and ₱40,090 in 2nd quarters of 2021 and 2020, respectively, with an increase of ₱78,477 or 195.75% and lease liability – noncurrent amounting to ₱41,806 and ₱0 in 2nd quarters of 2021 and 2020, respectively.

Based in the impairment review of the Company's right-of-use asset, the Company believes that there is no indication of impairment on its right-of-use asset as at June 30, 2021 and 2020.

Deferred Tax Asset

Due to the adoption of PFRS 16, the Company has an outstanding balance of Deferred Tax Asset amounting to ₱48,112 and ₱12,027 as of December 31, 2020 and 2019 (Note 14 of Audited Financial Statements).

Related Party Transaction Account

The Company, in the normal course of business, has transactions with related parties. Such transactions are unsecured, non-interest bearing and with no definite terms of repayment period. The Company did not provide nor received any guarantee on its transaction with related parties. All outstanding balances are to be settled through cash or offsetting.

Relationships, Transactions and Account Balances

Related Parties	Relationship	Outstanding Balance	
		June 30, 2021	June 30, 2020
The Wellex Group, Inc.	Common key management	₱134,767,336	₱137,336,687
Forum Exploration, Inc.	Common key management	111,631,076	111,631,076
Forum Exploration, Ltd.	Common key management	(4,025,045)	(4,133,756)

Advances to The Wellex Group, Inc. (TWGI)

As of December 31, 2019, there was an existing promissory note amounting ₱301,996,932 issued by TWGI in favor of the Company. The promissory note is non-interest bearing and will mature on December 16, 2023. On December 16, 2020, TWGI issued a new promissory note amounting to ₱296,659,777 which superseded the previous promissory note. The term of the loan is five years maturing on December 15, 2025, bearing an interest of 2% per annum.

To settle the outstanding advances, the Company entered into the following contracts with TWGI, which in return, amounts incurred will be applied to the outstanding advances:

- a) The Company leases an office space in May 2014 from TWGI located at 35th Floor One Corporate Centre, Doña Julia Vargas Ave., corner Meralco Ave., Ortigas Center, Pasig City. The lease is for a period of two years but renewable thereafter upon mutual agreement of both parties. The contract has been renewed thrice since then and is currently valid until April 30, 2022. Office space quarterly rental including storage room usage and utilities is ₱55,500, exclusive of VAT and withholding tax for both periods ended June 30, 2021 and 2020.
- b) In April 2012, the Company has entered into a consultancy agreement with TWGI, whereby the latter will provide corporate planning and financial services on its various corporate functions and undertakings. The contract has been renewed four times since then and is currently valid until April 30, 2022. Total management fee charged to operations amounted to ₱120,000 for both periods ended June 30, 2021 and 2020.

The carrying amount of advances to TWGI as at June 30 as follows:

	2021	2020
Advances	₱295,972,720	₱298,542,071
Allowance for impairment loss	(161,205,384)	(161,205,384)
Net carrying amount	₱134,767,336	₱137,336,687

The Company originally provides allowance for impairment amounting to ₱161,205,384 and ₱161,205,384 as at June 30, 2021 and 2020, respectively, on advances to TWGI prior to agreements entered to settle the outstanding advances. Allowance for impairment will be reversed once the unimpaired portion of advances is substantially collected and upon assessment by the management on the continuity of the existing agreements.

Advances to Forum Exploration Inc. (FEI)

Advances to FEI pertain to the carrying value of exploration net assets transferred by the Company. No transaction in the account balance was recognized for the quarters ended June 30, 2021 and 2020.

FEI is a legal and beneficial owner of 100% interest in Service Contract (SC 40), an upstream oil and gas contract area in the Philippines, entered into with the Philippine Government through the Department of Energy (DOE). Annual gas production from field on SC 40 totaled 41.09 million standard cubic feet (MMSCF) and 78.66 MMSCF since the start of production in 2012.

FEI has also implemented Work Program and Budget as approved by DOE on November 17, 2014 which includes, among others, a commitment to perform land gravity survey over the Dalingding Structure starting March 2015. Since 2014, FEI has performing geological and geophysical study aimed to identify and prioritize highly prospective areas for future exploration.

The Company has outstanding advances to FEI pertaining to the value of exploration assets transferred by the Company as follows:

	2021	2020
Advances	₱171,631,076	₱171,631,076
Allowance for impairment loss	(60,000,000)	(60,000,000)
Net carrying amount	₱111,631,076	₱111,631,076

The Company remains positive on FEI's success on its exploration and future development work in providing the viability of its oil properties to produce oil in commercial quantities.

As at June 30, 2021 and 2020, FEI has not yet returned the value of the exploration assets that the Company transferred.

Advances from Forum (FEI), Ltd.

The Company received cash advances from Forum (FEI), Ltd. The advances have no definite terms of payment. Outstanding balance as at June 30, 2021 and 2020 amounted to ₱4,025,045 and ₱4,133,756 respectively.

Remuneration to key management personnel

With the Company's tight cash position, management decided to suspend any form of compensation given to key management personnel for the period ended June 30, 2021 and 2020.

Others

The administrative function of the Company is performed by its related party, TWGI.

Current liabilities

This is primarily consisting of accounts payable and other current liabilities, lease liability – current and income tax payable. Total outstanding balance as at June 30, 2021 and 2020 amounted to ₱220,144 and ₱116,460, respectively.

Accounts payable and other current liabilities include payables and accrued expenses for retainer fees for legal counsels and stock transfer agents, website maintenance and withholding taxes –expanded. It increased by ₱23,971 or 31.39% due to higher accrued expenses for the 2nd quarter of 2021.

Lease liabilities – current increased by ₱78,477 or 1.96% as at June 30, 2021 and 2020.

Undertaking

A copy of Quarter Report or SEC Form 17-Q for the period ended June 30, 2023, will be made available in the Company website.

(i) Summary of Material Trends, Events and Uncertainties

The shares of Forum Pacific, Inc. are listed and traded in Philippine Stock Exchange (PSE). The company was registered to engage in investing, purchasing and acquiring assets of any kind and description with the secondary purpose of engaging in the exploration, development and production of petroleum and related products, as well as other mineral and chemical substances. It is presently a holding company and owning shares of stocks of an exploration company.

Business Plans

With the waning threat of COVID-19 pandemic, the Company is hopeful that the business environment will start to grow over the coming year, now that the regional travel has opened up and various foreign investor groups are visiting the Philippines with a renewed fervor. For the year 2023, the Company plans to undertake the following:

- The investment made in 2017 in Taguig Lake City Development Corporation (TLCDC), a corporation engaged in the real estate industry, is starting to show some results, now that the Laguna Lake Development Authority has responded positively to the Company's proposals to rehabilitate the Laguna de Bay. The Company will continue to support the progress of TLCDC in this regard.
- Further scan for business target projects, and welcome other business opportunities from different industries apart from oil and gas and mineral exploration.
- Evaluate potential buyers to buy out investment with Forum Exploration, Inc. or enter into partnership with potential buyers.
- Actively looking into the traditional energy business, concentrating on cheap and consistent coal power for the country's base loads.
- Consider investing into potential renewable energy sources like solar power, biofuels, hydro, wind and geothermal energy.
- Conduct research and feasibility studies on renewable projects, albeit utilizing more stringent investment hurdles, given that renewable energy projects produce power at higher pricing levels as compared to traditional energy sources.

- Evaluate advances to affiliates and design collection programs to improve the Company's financial status. As at December 31, 2022 and 2021, the Company has existing contracts with The Wellex Group, Inc. to collect outstanding advances (Note 11 of Audited Financial Statements)
- Evaluate calling for the remaining stock subscription as source of fund for future projects, with the aim of utilizing this process as a toll to fund capital intensive endeavors. The Company has outstanding ₱667,456,379 subscription receivable as at December 31, 2022.

The Company's management believes that the financial support and its business plans are sufficient to provide the Company's ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

Business Focus for the Coming Year

Given the growing requirements for power, the Company is actively looking into the traditional energy business, concentrating on cheap and consistent coal power for the country's base loads. Demand and supply studies, as well as site feasibility analysis and the selection of green and clean coal technologies are being conducted by select engineering advisers of the Company. On the other hand, the Company is also considering investing into potential renewable energy sources like solar power, ethane, biofuels, hydro, wind and geothermal energy and nuclear power. The management is also conducting research and feasibility studies on various renewable projects, albeit utilizing more stringent investment hurdles, given that renewable energy projects produce power at higher pricing levels as compared to traditional energy sources.

The Company will further scan for business target projects, and welcome other business opportunities from different industries apart from oil and gas and mineral exploration. As mentioned above, the management is currently discussing on how the Company will proceed with its remaining 33.33% capital stock investment in Forum Exploration, Inc., specifically whether to sell its interest or enter into partnership with potential buyers.

On the one hand, the investment made during 2017 in Taguig Lake City Development Corporation, a corporation engaged in the real estate industry, is starting to show some results, now that the Laguna Lake Development Authority has responded positively to this Company's proposals to rehabilitate the Laguna de Bay. The Company will continue to support the progress of TLCDC in this regard.

With the warning threat of the COVID-19, the company is hopeful that the business environment will start to grow over the coming year, now that the regional travel has opened up and various foreign investor groups are visiting the Philippines with a renewed fervor.

(ii) Events that will Trigger Direct or Contingent Financial Obligation

Since the Forum Pacific, Inc. are still looking a strategic partner to enhance the development of the Company specially in exploration business, the Company have no events that will trigger direct or contingent financial obligation that is material to Forum Pacific, Inc. including any default or acceleration of an obligation.

(iii) Material Off-Balance Sheet Transactions, Arrangements, Obligations

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of Forum Pacific, Inc. with unconsolidated entities or other persons created during the reporting period.

(iv) Commitment for Capital Expenditures

The material commitments for capital expenditures of the company are primarily includes; salaries and wages, taxes, depreciation and utilities and other related overheads. Since the Company still focus on looking for a strategic partner, there are no major expenses of the business for the year.

(v) Any Known Trends, Events of Uncertainties (Material Impact on Net Sales / Net Income)

The Company is mainly exposed to liquidity risk through its maturing liabilities. The Company has a policy of regularly monitoring its cash position to ensure that maturing liabilities will be adequately met.

The Company manages liquidity risk through continuous collection of advances to related parties which is considered as cash inflow to finance its operation. The Company continuously monitoring forecast and actual cash flows and matching the maturity profiles of liabilities.

The details of the maturity analysis of the Company's liabilities are as follows:

June 30, 2023	Total	On demand	Less than 3 months	3-12 months	1-5 years
Advances from related parties	₱4,590,728	₱-	₱-	₱-	₱4,590,728
Lease Liability	143,349	-	-	143,349	-
Accounts payable and other Liabilities*	40,600	-	-	40,600	-
	₱4,774,677	₱-	₱-	₱183,949	₱4,590,728

**excluding government liabilities*

June 30, 2022	Total	On demand	Less than 3 months	3-12 months	1-5 years
Advances from related parties	₱4,558,236	₱-	₱-	₱-	₱4,558,236
Lease Liability	41,806	-	-	41,806	-
Accounts payable and other Liabilities*	18,100	-	-	18,100	-
	₱4,618,142	₱-	₱-	₱59,906	₱4,558,236

**excluding government liabilities*

(vi) Significant Element of Income or Loss That Did Not Arise From Continuing Operation

PFRS 16, Leases. This new standard introduces a single lessee accounting model to be applied to all leases, whilst substantially carries forward the lessor accounting requirements in *PAS 17 Leases*. Lessees recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments for all leases with a term of more than twelve (12) months, unless the underlying asset is of low value. Whereas, lessors continue to classify leases as operating leases or finance leases, and to account for those two types of leases differently. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply *PFRS 15* at or before the date of initial application of *PFRS 16*.

The Company adopted *PFRS 16* using the modified retrospective approach, with recognition of transitional adjustments on deficit as at January 1, 2019, without restatement of comparative figures.

PFRS 9, Financial Instruments (2014). *PFRS 9, Financial Instruments* replaces *PAS 39 Financial Instruments* Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The standard requires all recognized financial assets that are within the scope of *PAS 39* to be subsequently measured at amortized cost or at fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely for payments of principal and interest on the outstanding balance are generally measured at amortized cost at the end of subsequent reporting periods. All other debts investments and equity investments are measured at their fair values at the end of subsequent reporting periods. For financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income would create or increase an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

The Company has adopted the *PFRS 9 Financial Instruments* from January 1, 2018 and resulted in changes in accounting policies and adjusted amounts recognized in the financial statements. The comparative figures have been restated to comply with the transitional provisions in *PFRS 9*.

On December 16, 2020, TWGI issued a new promissory note amounting to ₱296,659,777 which superseded the previous promissory note. The term of the loan is five years maturing on December 15, 2025, bearing an interest of 2% per annum. Accrued interest receivable for this promissory note amounted to ₱13,537,574 and ₱6,180,411 as at June 30, 2023 and 2022, respectively.

(vii) Material Changes on Line Items in Financial Statements

Material changes on line items in financial statements are presented under the captions 'Changes in Financial Condition' and 'Changes in Operating Results' above, see attached Notes to Financial Statements.

(viii) Effect of Seasonal Changes in the Financial Condition or Results of Operations

The financial condition or results of operations is not affected by any seasonal change.

* * *

MARKET INFORMATION

The principal market of Forum Pacific, Inc.'s common equity is traded is the Philippine Stock Exchange (PSE) where it was listed last December 19, 1994. The high and low sales prices by quarter for the last three (3) years are as follows:

		High	Low
2023	First Quarter	0.250	0.230
	Second Quarter	0.270	0.205
2022	First Quarter	0.290	0.206
	Second Quarter	0.208	0.206
	Third Quarter	0.270	0.204
	Fourth Quarter	0.230	0.230
2021	First Quarter	0.330	0.206
	Second Quarter	0.320	0.241
	Third Quarter	0.340	0.275
	Fourth Quarter	0.325	0.270
2020	First Quarter	0.275	0.180
	Second Quarter	0.200	0.152
	Third Quarter	0.210	0.160
	Fourth Quarter	0.242	0.175

The latest high, low and close market price is ₱0.202 per share as of August 23, 2023, respectively.

HOLDERS

The number of shareholders of record as of July 31, 2023 was 860. Common shares issued and subscribed were 1,838,943,246.

Top 20 Stockholders As of July 31, 2023

	NAME	NO. OF SHARES HELD	% TO TOTAL
1	INTERNATIONAL POLYMER CORPORATION	496,887,494	26.501
2	PCD NOMINEE CORPORATION	430,735,374	22.973
3	THE WELLEX GROUP, INC.	376,950,000	20.104
4	E.F. DURKEE & ASSOCIATES, INC.	77,838,563	4.151
5	INTRA-INVEST SEC., INC.	48,159,000	2.568
6	METROPOLITAN MANAGEMENT CORPORATION	30,000,000	1.600
7	JUANITO C. UY	22,625,001	1.207
8	PACRIM ENERGY N.L.	21,000,000	1.120
9	SAPPHIRE SECURITIES INC.	19,433,500	1.036
10	BENITO ONG AND/OR ZITA Y. ONG	18,000,000	0.960
11	LI CHIH-HUI	17,100,000	0.912
12	NESTOR S. MANGIO	12,500,000	0.667
13	A & A SECURITIES, INC.	11,911,320	0.635
14	MARK SECURITIES CORPORATION	10,772,800	0.575
15	PCD NOMINEE CORP. (NON-FILIPINO)	10,470,050	0.558
16	GLOBALINKS SEC & STOCKS, INC. A/C # CWUSO001	9,400,000	0.501
17	BELSON SECURITIES, INC.	9,200,000	0.491
18	WEALTH SECURITIES, INC.	8,240,000	0.439
19	RUBEN M. GAN	7,610,000	0.406
20	DAVID GO SECURITIES CORPORATION	6,880,000	0.367

Cash and Stock Dividend Declared

The Company has not declared and paid dividends due to substantial losses suffered by the Company for the year 2021, 2020 and 2019.

Restriction That Limits The Payment Of Dividends On Common Shares

There are no restrictions that limit the payment of dividends on Common Shares.

Recent Sales Of Unregistered Securities

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

Directors and Executive Officers of the Registrants**Directors and Executive Officers**

Names, ages, citizenship and position of all directors and executive officers:

Name	Age	Citizenship	Position	Years of Service
Atty. Ruben D. Torres	81	Filipino	Chairman	2021-Present
Elvira A. Ting	62	Filipino	President/Director	1996-Present
Kenneth T. Gatchalian	47	Filipino	Treasurer/Director	2004-Present
Atty. Lamberto B. Mercado, Jr.	57	Filipino	Director	1998-Present
Richard L. Ricardo	60	Filipino	Director	2014-Present
Atty. Arthur R. Ponsaran	80	Filipino	Director	2000-Present
Omar M. Guinomla	51	Filipino	Director	2014-Present
Renato C. Francisco	74	Filipino	Independent Director	2020-Present
Sergio R. Ortiz-Luis, Jr.	80	Filipino	Director Independent Director	Oct 2022 - Present 2013-Oct 2022
Josaias T. Dela Cruz	62	Filipino	Independent Director	2021-Present
Atty. Aristeo R. Cruz	57	Filipino	Independent Director/ Chief Audit Executive	2021-Present
Atty. Arsenio A. Alfiler Jr.	77	Filipino	Corporate Secretary	2005-Present
Amando J. Ponsaran, Jr.	53	Filipino	Asst. Corporate Secretary – Nominee	Oct 2022-Present
Annabelle T. Abunda	47	Filipino	Compliance Officer	2017-Present

A brief description of the directors' and executive officers' business experience for the last five (5) years and other directorships held in other reporting companies are provided as follows:

Name and Position	Other Companies Affiliated	Position
Atty. Ruben D. Torres Chairman/Director Filipino 81 years old B.A. in Political Science Bachelor of Laws University of the Philippines	BPO Workers Association of the Phils. Services Exporters Risk Management & Consultancy Co Trade Union Congress of the Phils. Torres Caparas Torres Law Offices Waterfront Phils., Inc. Acesite (Philis.) Hotel Corp. Wellex Industries, Inc. Waterfront Manila Premier Dev't., Inc. Alliance Energy Power and Dev't., Inc. Aristocrat Manila City Holdings, Inc. Pacific Concorde Corp. Philippine Estates Corp. Taguig Lake City Dev't. Corp. Wellex Mining Corp. Triton Construction and Dev't. Corp.	President Chairman/CEO VP-International Affairs Senior Partner Independent Director Independent Director Chairman/Director Chairman/Director Chairman/Director Chairman/Director President/Director Independent Director Chairman/Director Corp. Treasurer/Director Chairman/Director
Elvira A. Ting President/Director Filipino 62 years old BS in Business Administration Major in Management Philippine School of Business Administration	Philippine Estates Corp. Waterfront Philippines, Inc. Wellex Industries, Inc. Acesite (Philis.) Hotel Corp. Metro Alliance Holdings & Equities Corp. Orient Pacific Corp. Crisanta Realty Dev't. Corp. Recovery Dev't Corp. The Wellex Group, Inc. Plastic City Industrial Corp. Waterfront Manila Premier Dev't, Inc. Rexlon Realty Group, Inc. Pacific Rehouse Corp.	President/Director Corp. Treasurer/Director Vice President/Director Corp. Treasurer/Director Chairman/Director Chairman/Director Chairman/President/Director Corp. Treasurer/Director Corp. Treasurer/Director Corp. Treasurer/Director Corp. Secretary/Director Chairman/President/Director Corp. Treasurer/Director

	Westland Pacific Properties Corp. Heritage Pacific Corp. Palawan Estate Corp. Poly Premier Property Dev't Corp. Wanda Prime Property Dev't, Inc. Bocaue Prime Estate Corp. Bulacan Fortune Land Dev't Corp. Taguig Lake City Dev't Corp. Country Garden Agri-Tourism Dev't, Inc. Alliance Energy Power & Dev't Corp. North Luzon Premier Dev't Corp. Shangrila Global Estate Ventures Corp. Aristocrat Manila City Holdings, Inc. Seabrook Resources & Dev't, Corp.	Asst. Corp. Sec./Director Chairman/President/Director Asst. Corp. Sec./Director Corp. Treasurer/Director President/ Director President/ Director Chairman/President/Director President/ Director Corp. Treasurer/Director Corp. Secretary/Director President/ Director Chairman/Director President/Director Corp. Treasurer/Director
Kenneth T. Gatchalian Corp. Treasurer/ Director Filipino 47 years old B.S. in Architecture <i>University of Texas, USA</i>	The Wellex Group, Inc. Wellex Industries, Inc. Waterfront Phils., Inc. Waterfront Manila Premier Dev,t., Inc. Acesite (Phils.) Hotels Corp. Philippine Estates Corp. Metro Alliance Holdings & Equities Corp. Orient Pacific Corp. Wellex Mining Corp. Westland Pacific Properties Corp. Wellex Petroleum, Inc. Recovery Dev't. Corp. Novateknika Land Corp. Pacific Rehouse Corp. Crisanta Realty Dev't. Corp. Palawan Estate Corp. Philippine International Airways Philfoods Asia, Inc. Southernpec Phils., Inc. Manila Bay Front Hotels, Inc. Poly Premier Property Dev't. Corp. Wanda Prime Property Dev't., Inc. North Luzon Premier Dev't. Corp. Pacific Concorde Corp Forum Holdings Corp Rexlon Realty Group, Inc. Heritage Pacific Corp. Seabrook Resources & Dev't. Corp. Recovery Real Estate Corp. Shanghai Global Estate Ventures Corp. Altai Philippines Mining Corp. Bulacan Harbour Dev't. Corp. Bulacan Country Garden Dev't. Corp.	President/Director President/Director President/Director President/Director Vice Chairman/Director President/Director President/Director Chairman/President/Director Corp. Treasurer/Director Corp. Secretary/Director Chairman/President/Director Corp. Secretary/Director Chairman/President/Director Corp. Secretary/Director Corp. Secretary/Director Corp. Secretary/Director Chairman/President/Director Corp. Treasurer/Director Chairman/Director President/Director Chairman/Director Chairman/Director Chairman/President/Director Corp. Secretary/Director Asst. Corp. Sec./Director Chairman/President/Director Chairman/President/Director President/Director Director Asst. Corp. Sec./Director Chairman/President/Director
Atty. Lamberto B. Mercado, Jr. Director Filipino 57 years old Bachelor of Laws (L.L.B.) <i>Ateneo de Manila University</i> School of Law	Metro Alliance Holdings & Equities Corp. Asia Healthcare, Inc. FEZ-EAC Holdings, Inc. Wellex Industries, Inc. Acesite (Phils.) Hotels Corp. Philippine National Construction Corp. Consumer Product Distribution Services Rexlon Realty Group, Inc. Wellex Mining Corp. Southernpec Phils., Inc. Dubai Gold Mining Corp. Sands Mining & Dev't. Corp. Bulacan Harbour Dev't. Corp. Wanda Prime Property Dev't., Inc. Seabrook Resources & Devt Corp.	Director/Compliance Officer Director Director Director Chief Risk Officer/Director Director Director Assist. Cop. Sec./Director Corp. Secretary/Director Corp. Secretary/Director Corp. Secretary/Director Director Corp. Secretary/Director Director Corp. Secretary/Director

	Country Garden Agri-Tourism Dev't., Inc. Bulacan Country Garden Dev't. Corp.	President Director
Richard L. Ricardo Investor Relations Officer/Director Filipino 60 years old B.S. in Business Management A.B. in Economics <i>Ateneo de Manila University</i>	Wellex Industries, Inc. Waterfront Philippines, Inc. Acesite (Phils.) Hotel Corp. Metro Alliance Holdings & Equities Corp. Philippine Estates Corp. The Wellex Group, Inc. Rexlon Realty Group, Inc. Westland Pacific Properties Corp. Wellex Petroleum, Inc. Wellex Mining Corp. Bocaue Prime Estate Corp. Taguig Lake City Dev't. Corp. Pacific Wide Holdings, Inc. Dubai Gold Mining Corp. Sand Mining & Dev't. Corp. Manila Bay Front Hotels, Inc. Shanghai Global Estate Ventures Corp. Bulacan Country Garden Dev't. Corp. Alliance Energy Power & Dev't. Inc.	Corp. Treasurer/Investor Relations Officer/Director Corporate Affairs Officer/Compliance Officer Vice President for Corporate Affairs/Compliance Officer Corp. Treasurer/Investor Relations Officer Corp. Treasurer/Investor Relations Officer/Director Corp. Secretary/Director Vice President/Director Corp. Secretary/Director Corp. Treasurer/Director Assist. Corp. Sec./Director Corp. Secretary/Director Corp. Secretary/Director Corp. Treasurer/Director Chairman/President/Director Corp. Treasurer/Director Corp. Treasurer/Director Corp. Secretary/Director Corp. Secretary/Director President/Director
Atty. Arthur R. Ponsaran Director Filipino 80 years old CPA Lawyer Business Administration Major in Accounting <i>University of the East</i> Bachelor of Laws <i>University of the Philippines</i>	Philippine Estate Corp. Corporate Counsels, Phils. Law Office Acesite (Phils.) Hotel Corp. Waterfront Phils., Inc.	Director Managing Partner Corp. Secretary/Director Corp. Secretary
Omar M. Guinomla Director Filipino 51 years old A.B. Management <i>De La Salle University</i> Master's in Business Administration <i>Ateneo de Manila University</i>	Wellex Industries, Inc. Recovery Real Estate Corp. Pacific Rehouse Corp. Orient Pacific Corp. Recovery Dev't. Corp. Philippine International Airways Continental Wire & Cable Corp. Shanghai Resources Corp. Calinan Star Mining, Inc. Dubai Gold Mining Corp. Sands Mining & Dev't. Corp. Manila Bay Front Hotels, Inc. Silverquest Mining Resources Inc. Bulacan Fortune Land Dev't. Corp. Triton Construction & Dev't. Corp.	Director Director Director Assist. Corp. Sec./Director Assist. Corp. Sec./Director Corp. Treasurer/Director Director Chairman/President/Director Director Director Corp. Secretary/Director Corp. Secretary/Director Corp. Treasurer/Director Corp. Secretary/Director Corp. Secretary/Director
Renato C. Francisco Independent Director Filipino 74 years old Bachelor of Laws <i>Ateneo de Manila University</i> B.A. in English and Philosophy <i>San Beda College</i>	Waterfront Phil., Inc. Wellex Industries Inc Philippine Estates Corp. Acesite (Phils.) Hotel Corp. Sta. Lucia Land, Inc.	Independent Director Independent Director Independent Director Independent Director Independent Director

Sergio R. Ortiz-Luis, Jr. Regular Director – Nominee 2022 Filipino 80 years old B.S. in Liberal Arts B.S. in Business Administration Masters in Business Administration (Candidate) <i>De La Salle University</i> PhD Humanities hc <i>Central Luzon Agricultural College</i> PhD in Business Technology hc <i>Eulogio Rodriguez University</i> PhD Capital Management hc <i>Academy of Multiskills, UK</i> PhD Business Administration hc <i>Angeles University Foundation</i>	Wellex Industries, Inc. Philippine Estates Corp. Waterfront Phils., Inc. Acesite (Phils.) Hotel Corp. BA Securities VC Securities Corp. Waterfront Manila Premier Dev't., Inc. Country Garden Agri-Tourism Dev't. Inc. Philippine International Airways Philippine Chamber of Commerce and Industry National Center for Mediation Integrated Concepts & Solutions, Inc. Rotary Club of Greenmeadows Foundation Export Dev't. Council Alliance Global, Inc. JARDELI Club Foundation Philippine Exporters Confederation Inc. Employers Confederation of the Phils. Philippines Foundation, Inc. Asia Pacific Chinese Media, Inc. GS1 and International Chamber of Commerce Phils. Philippine Foundation, Inc. (Team Phils.) Manila Exposition Complex, Inc. La Salle Tech Academy Alliance Energy Power and Dev't. Inc. Rural Bank of Baguio H2O (Formerly Calapan Ventures, Inc) LikeCash Asia & Pacific Corp. SPC Power Corp. Drug Abuse Resistance Education Phils. Human Resource Dev't. Foundation Consulate of Romania in the Phils. Consular Corps of the Phils. International Association of Educators for World Peace The Philippine Bamboo Council Patrol 117 (Foundation for Crime Prevention) Industry Development Council National Competitiveness Council Aristocrat Manila City Holdings, Inc. Philippine Jaycee Senate Philippine Coastguard Auxilliary	Regular Director - Nominee 2022 Director Chairman/Director Vice-Chairman/Independent Director Independent Director Vice-Chairman/Independent Director Director Chairman/Director Chairman/Director Chairman/Treasurer Chairman Chairman Chairman Vice Chairman Vice Chairman Vice Chairman President/CEO President President President Founding Director Director Director Director Director Director Director Director Director Trustee/Treasurer Consul General Treasurer Honorary Adviser Private Sector Representative Commissioner Member BPLS Champion Director Senate Captain
Josaias T. Dela Cruz Independent Director Filipino 62 years old B.S. in Business Management <i>Ateneo de Manila University</i>	Wellex Industries, Inc. Philippine Estates Corp. JTDC Spinmeister Laundry Service Wegen Distributed Energy Philippines Holdings Corp.	Independent Director Independent Director Sole Proprietor Treasurer/Vice President for Investor Relations and Financial Planning

Aristeo R. Cruz Independent Director Filipino 57 years old CPA Lawyer B.S. in Commerce Major in Accountancy <i>De La Salle University</i> Bachelor of Laws (LLB) <i>New Era University</i>	Metro Alliance Holdings & Equities Corp. Wellex Industries, Inc. Acesite (Phils.) Hotel Corp. Waterfront Philippines Inc Philstar Innovation Realty Corp. Meycauayan College, Inc. Cruz Altares & Associates Law Office (formerly Cruz, Castro & Altares Law Office) Liberty Bank (A Rural Bank), Inc. Idealland Realty & Dev't. Corp. Statosphere Realty & Dev't. Corp. Waterstreet Realty Corp. Jose & Luz Locsin Foundation Justina Emilia Realty and Management & Dev't. Corp.	Independent Director Independent Director Director Independent Director Corp. Secretary/Director Vice-Chairman/Director, Dean, College Department Founding and Managing Partner Vice-President/Compiler President and Chief Operating Officer (COO) President and Chief Operating Officer (COO) President President Corp. Secretary
Atty. Arsenio A. Alfiler, Jr. Corporate Secretary Filipino 77 years old Bachelor of Laws <i>University of the Philippines</i> B.A. in Public Administration <i>University of the Philippines</i>	Acesite (Phils.) Hotel Corp. Waterfront Philippines, Inc. Iloilo City Development Bank Philippine Estates Corp	Assistant Corporate Secretary Assistant Corporate Secretary Assistant Corporate Secretary Corporate Secretary
Amando J. Ponsaran, Jr. Assistant Corporate Secretary Filipino 53 years old BSBA-Finance/Marketing <i>University of San Agustin – Iloilo</i> Bachelor of Laws <i>Arellano Law School/Philippine Christian University</i>	Philippine Estates Corp. Corporate Counsels, Phils. Law Offices Wellex Industries, Inc.	Assistant Corporate Secretary Senior Manager – Corporate Services Group Corporate Secretary
Annabelle T. Abunda Compliance Officer Filipino 47 years old CPA and Licensed Real Estate Broker B.S. in Accountancy <i>University of the Philippines in the Visayas</i>	Metro Alliance Holdings & Equities Corp. Pacific Rehouse Corp. Pacific Wide Holdings, Inc. Wellex Industries, Inc.	Finance Officer Finance & Administration Manager Accounting Manager Compliance Officer

CORPORATE GOVERNANCE

The Corporation adheres to the principles and practices of good corporate governance, as embodied in its Corporate Governance Manual and related SEC Circulars. Continuous improvement and monitoring of governance and management policies have been undertaken to ensure that the Corporation observes good governance and management practices. This is to assure the shareholders that the Corporation conducts its business with the highest level of integrity, transparency and accountability.

The board of Directors has approved its Corporate Governance Compliance Evaluation System in order to check and assess the level of compliance of the Company with leading practices on good corporate governance as specified in its Corporate Governance Manual and pertinent SEC Circulars. The System likewise highlights areas for compliance improvement and action to be taken. One of the system's output is the Annual Corporate Governance Compliance Evaluation Form submitted by the Corporation every year to the SEC and PSE.

Forum Pacific, Inc. has consistently strived to raise its financial reporting standards by adopting and implementing prescribed Philippine Financial Reporting Standards. The Company submitted its Integrated Annual Corporate Governance Report (IACGR) on May 29, 2023 covering the year 2023. The independent directors have submitted their Certificate of Qualification as required by the SEC vis-à-vis Section 38 of the Securities Regulation Code.



SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines

Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph



The following document has been received:

Receiving: Mark Anthony Oseña

Receipt Date and Time: May 02, 2023 09:03:42 AM

Company Information

SEC Registration No.: AS93000120

Company Name: FORUM PACIFIC INC

Industry Classification: J66940

Company Type: Stock Corporation

Document Information

Document ID: OST10502202381082625

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2022

Submission Type: Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

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Principal Office (No./Street/Barangay/City/Town)Province

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Form Type

A	A	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

forumpacificinc@gmail.com

Company's Telephone Number/s

8706-7888

Mobile Number

09177904371

No. of Stockholders

859

Annual Meeting
Month/Day

October/05

Fiscal Year
Month/Day

Dec-31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Atty. Arsenio A. Alfiler, Jr.

Email Address

noyealfiler@yahoo.com

Telephone Number/s8687-7536

Mobile Number

NA

Contact Person's AddressUnit 3104 Antel Global Corporate Center, #3 Dona Julia Vargas, Ortigas Center, Pasig City

Note1: 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 delay in updating the corporation's records with the commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

Forum Pacific, Inc.

Financial Statements
December 31, 2022 and 2021

and

Independent Auditors' Report

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**


The management of **FORUM PACIFIC, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2022 and 2021**, 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 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 financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Diaz Murillo Dalupan and Company, the independent auditors, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


RUBEN D. TORRES
Chairman of the Board
ELVIRA A. TING
President
KENNETH T. GATCHALIAN
Corporate Treasurer

APR 14 2023 SUBSCRIBED AND SWORN to before me in PASIG CITY City/Province, Philippines on _____, affiants personally appeared before me and exhibited to me their Tax Identification Number below:

Name	Tax Identification Number
1. RUBEN D TORRES	135-071-068
2. ELVIRA A. TING	117-922-153
3. KENNETH T. GATCHALIAN	167-406-526

WITNESS MY HAND AND SEAL on the date and at the place above written.

DOC NO: 353
PAGE NO: 72
BOOK NO: 15
SERIES OF: 2023


FERDINAND D. AYAHAO
Notary Public

For Pasig City, Paleros and San Juan City
Appointment No. 105 (2012-2023) valid until 12/31/2023
MCLE Exemption No. VU-BEP053712 valid until 12/31/2023
Roll No. 46377; IBP LRM 03459, OR 56888, 06/24/2019
TIN 123-011-785; PTR 0161665; 01-06-23, Pasig City
Unit 5, West Tower F&E, Exchange Road
Ortigas Center, Pasig City Tel. +632-86314099

Independent Auditor's Report

To the Board of Directors and Stockholders of
FORUM PACIFIC, INC.
35th Floor, One Corporate Center
Doña Julia Vargas Ave., corner Meralco Avenue
Ortigas Center, Pasig City

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of **Forum Pacific, Inc.** (the 'Company'), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years then ended, and notes to financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are independent of the Company in accordance with Code of Ethics for Professional Accountants in the Philippines (the 'Code of Ethics') together with the ethical requirements that are relevant to our audits of the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has incurred losses in prior years and has accumulated a deficit of ₱848,364,734 and ₱851,264,961 as at December 31, 2022 and 2021, respectively. Furthermore, the Company's current liabilities exceeded its current assets by ₱1,862,162 and ₱1,033,379 as at December 31, 2022 and 2021, respectively. As stated in Note 1, these events or conditions, along with other matters, indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. To continue as a going concern, the officers and major stockholders of the Company have committed to provide full financial support to the Company to sustain its operations, meet the working capital requirements and settle obligations as they fall due.

Global Reach, Global Quality

Head Office : 7th Floor, Don Jacinto Building, De la Rosa corner Salcedo Sts., Legaspi Village, Makati City 1229 Philippines • Phone: +63(2) 894 5892 / 844 9421 / Fax: +63(2) 818 1872
Cebu Office : Unit 504 Cebu Holdings Building, Cebu Business Park, Mabolo, Cebu City 6000 Philippines • Phone: +63(32) 415 8108 - 10 / Fax: +63(32) 232 8029
Davao Office : 3rd Floor Building B Plaza De Luisa, Ramon Magsaysay Avenue, Davao City 8000 Philippines • Phone/Fax: +63(82) 222 6636
Palawan Office : 2F MRC Building, Pineda Road, Brgy. San Pedro, Puerto Princesa City, Palawan 5300 Philippines • Phone +63(48) 716 1580
Website : www.dmdcpa.com.ph

The Company will also consider investing into potential renewable energy sources like solar power, ethane, biofuels, hydro, wind and geothermal energy. It will continue to conduct research and feasibility studies on renewable projects, albeit utilizing more stringent investment hurdles, given that renewable energy projects produce power at higher pricing levels as compared to traditional energy sources.

We have conducted sufficient audit procedures to verify the validity of the management plan to address the material uncertainty related to going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Adequacy of Allowance for Expected Credit Losses on Advances to Related Parties

The Company's assumptions used in calculating the allowance for expected credit losses (ECL) is significant to our audit as it involves the exercise of significant management judgement. Key judgment areas include, historical credit loss experience based on past due status of debtors and current conditions and estimates of future economic conditions. Allowance for ECL on advances to related parties amounted to ₱221,205,384 as at December 31, 2022 and 2021.

The disclosures related to allowance for ECL on advances to related parties are included in Note 16.

Our Response

Our audit procedures to address the adequacy of allowance for ECL, includes the following:

- Obtained understanding of the approved methodologies used by the Company and assessed whether these are acceptable under the requisites of PFRS 9.
- Checked the methodology used in applying the simplified approach by evaluating the key inputs, assumptions, and formulas used.
- Tested the definition of default against historical analysis of accounts and credit risk management policies and practices.
- Tested loss given default by inspecting historical recoveries including the timing, related costs, and write-offs.

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 for the year ended December 31, 2022, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the 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 financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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 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 Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all 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 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.

Report on Supplementary Information required by the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of **Forum Pacific, Inc.** taken as a whole. The supplementary information in Note 19 to the financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DIAZ MURILLO DALUPAN AND COMPANY

Tax Identification No. 003-294-822

BOA/PRC No. 0234, effective until August 4, 2023

SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022 and
valid in the audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001911-000-2022, effective until March 15, 2025

By:



Richard Noel M. Ponce
Partner

CPA Certificate No. 120457

SEC Accreditation No. 1738-A, Group A, effective until March 30, 2025

Tax Identification No. 257-600-228

PTR No. 9573300, January 8, 2023, Makati City

BIR Accreditation No. 08-001911-012-2019, effective until September 29, 2025

April 12, 2023

FORUM PACIFIC, INC.
Statements of Financial Position

	As at December 31	
	2022	2021
ASSETS		
Current Assets		
Cash - note 5	₱ 276,000	₱ 295,667
Prepayments and other current assets (net) - note 6	38,213	38,213
	314,213	333,880
Noncurrent Assets		
Advances to related parties (net) - note 11	256,224,428	252,203,951
Financial assets at FVOCI - note 7	84,535,281	91,311,816
Right-of-use asset (net) - note 8	190,052	38,380
Deferred tax assets (net) - note 14	47,918	10,451
	340,997,679	343,564,598
TOTAL ASSETS	₱ 341,311,892	₱ 343,898,478
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities - note 9	₱ 1,817,955	₱ 1,266,121
Lease liability - note 11	143,349	41,806
Income tax payable	215,071	59,332
	2,176,375	1,367,259
Noncurrent Liabilities		
Advances from a related party - note 11	4,623,316	4,228,951
Lease liability (net of current portion) - note 11	48,323	—
Deferred tax liability - note 14	47,513	9,595
	4,719,152	4,238,546
	6,895,527	5,605,805
Equity		
Capital stock - note 10	1,207,543,621	1,207,543,621
Unrealized fair value gain on financial assets at FVOCI	11,294,228	18,070,763
Deficit - note 2	(848,364,734)	(851,264,961)
	370,473,115	374,349,423
Treasury shares - note 10	(36,056,750)	(36,056,750)
	334,416,365	338,292,673
TOTAL LIABILITIES AND EQUITY	₱ 341,311,892	₱ 343,898,478

(The accompanying notes are an integral part of these financial statements.)

FORUM PACIFIC, INC.
Statements of Comprehensive Income

	For the Years Ended December 31		
	2022	2021	2020
COSTS AND EXPENSES - note 12	(₱ 2,190,963)	(₱ 2,098,754)	(₱ 2,522,945)
OTHER INCOME (net) - note 13	5,321,501	5,506,535	262,163
FINANCE COST - note 11	(14,789)	(31,433)	(40,000)
INCOME (LOSS) BEFORE INCOME TAX	3,115,749	3,376,348	(2,300,782)
PROVISION FOR INCOME TAX - note 14			
Current	279,347	58,096	4,944
Deferred	(63,825)	1,199	(863)
	215,522	59,295	4,081
NET INCOME (LOSS) FOR THE YEAR	2,900,227	3,317,053	(2,304,863)
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not reclassified subsequently to profit or loss:			
Unrealized fair value gain (loss) on financial assets			
at FVOCI - note 7	(6,776,535)	4,266,708	(250,983)
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱ 3,876,308)	₱ 7,583,761	(₱ 2,555,846)
INCOME (LOSS) PER SHARE - note 15	₱ 0.002	₱ 0.003	(₱ 0.002)

(The accompanying notes are an integral part of these financial statements.)

FORUM PACIFIC, INC.
Statements of Changes in Equity

	Capital Stock (Note 10)	Treasury Shares (Note 10)	Deficit (Note 2)	Unrealized Fair Value Gain (Loss) on AFS Financial Assets (Note 7)	Total
As at January 1, 2020	₱ 1,207,543,621	(₱ 36,056,750)	(₱ 852,277,151)	₱ 14,055,038	₱ 333,264,758
Comprehensive loss					
Net loss for the year	—	—	(2,304,863)	—	(2,304,863)
Other comprehensive loss	—	—	—	(250,983)	(250,983)
Total comprehensive loss for the year	—	—	(2,304,863)	(250,983)	(2,555,846)
Balance as at December 31, 2020	1,207,543,621	(36,056,750)	(854,582,014)	13,804,055	330,708,912
Comprehensive income					
Net income for the year	—	—	3,317,053	—	3,317,053
Other comprehensive income	—	—	—	4,266,708	4,266,708
Total comprehensive income for the year	—	—	3,317,053	4,266,708	7,583,761
Balance as at December 31, 2021	1,207,543,621	(36,056,750)	(851,264,961)	18,070,763	338,292,673
Comprehensive income (loss)					
Net income for the year	—	—	2,900,227	—	2,900,227
Other comprehensive loss	—	—	—	(6,776,535)	(6,776,535)
Total comprehensive income (loss) for the year	—	—	2,900,227	(6,776,535)	(3,876,308)
Balance as at December 31, 2022	₱ 1,207,543,621	(₱ 36,056,750)	(₱ 848,364,734)	₱ 11,294,228	₱ 334,416,365

(The accompanying notes are an integral part of these financial statements.)

FORUM PACIFIC, INC.
Statements of Cash Flows

	For the Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	₱ 3,115,749	₱ 3,376,348	(₱ 2,300,782)
Adjustments for income tax:			
Provision for impairment of input tax - note 6	217,487	180,199	202,163
Depreciation - note 8	133,405	115,142	112,878
Finance cost - note 11	14,789	31,433	40,000
Unrealized foreign exchange loss (gain) - note 11	394,365	246,776	(216,592)
Interest income - notes 5 and 11	(5,933,353)	(5,933,510)	(247,734)
Operating loss before working capital changes	(2,057,558)	(1,983,612)	(2,410,067)
Increase in prepayments and other current assets	(217,487)	(180,199)	(199,724)
Increase in accounts payable and other liabilities	551,834	925,596	15,500
Cash used in operations	(1,723,211)	(1,238,215)	(2,594,291)
Income tax paid	(59,332)	(3,708)	–
Interest received - note 5	158	315	518
Net cash used in operating activities	(1,782,385)	(1,241,608)	(2,593,773)
CASH FLOW FROM INVESTING ACTIVITY			
Collection of advances to related parties - note 11	1,912,718	1,061,929	3,153,843
CASH FLOW FROM FINANCING ACTIVITY			
Payment of lease liability - note 11	(150,000)	(150,000)	(150,000)
NET INCREASE (DECREASE) IN CASH	(19,667)	(329,679)	410,070
CASH - note 5			
At beginning of year	295,667	625,346	215,276
At end of year	₱ 276,000	₱ 295,667	₱ 625,346

(The accompanying notes are an integral part of these financial statements.)

FORUM PACIFIC, INC.

Notes to Financial Statements

As at December 31, 2022 and 2021 and for each of the three years
in the period ended December 31, 2022

1. CORPORATE INFORMATION

Forum Pacific, Inc. (the 'Company'), formerly known as Cophil Exploration, Inc., was incorporated in the Philippines and was registered with the Securities and Exchange Commission (SEC) on January 8, 1993 primarily to engage in investing, purchasing and acquiring assets of any kind and description with the secondary purpose of engaging in the exploration, development and production of petroleum and related products as well as other mineral and chemical substance.

The Company's shares are listed and traded in the Philippine Stock Exchange (PSE). Its registered office address is located at 35th Floor, One Corporate Center, Doña Julia Vargas Ave., corner Meralco Avenue, Ortigas Center, Pasig City.

The accompanying financial statements of the Company as at and for the year ended December 31, 2022 including its comparatives for 2021 and 2020 were approved and authorized for issue by its Board of Directors (BOD) on April 12, 2023.

2. MANAGEMENT ASSESSMENT OF THE GOING CONCERN ASSUMPTION AND BUSINESS PLANS

Management's Assessment of the Going Concern Assumption

For the year ended December 31, 2022 and 2021, the Company has incurred losses in prior years resulting in a deficit of ₱848,364,734 and ₱851,264,961 as at December 31, 2022 and 2021, respectively. Furthermore, the Company's current liabilities exceeded its current assets by ₱1,862,162 and ₱1,033,379 as at December 31, 2022 and 2021, respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. Albeit these conditions, management believes that the Company will be able to meet all its outstanding obligations and continue to operate as a going concern.

To continue as a going concern, the officers and major stockholders of the Company have committed to provide full financial support to the Company to sustain its operations, meet the working capital requirements and settle obligations as they fall due.

Business Plans

With the waning threat of the COVID-19 pandemic, the Company is hopeful that the business environment will start to grow over the coming year, now that the regional travel has opened up and various foreign investor groups are visiting the Philippines with a renewed fervor. For the coming year 2023, the Company plans to undertake the following:

- The investment made in 2017 in Taguig Lake City Development Corporation (TLCDC), a corporation engaged in the real estate industry, is starting to show some results, now that the Laguna Lake Development Authority has responded positively to the Company's proposals to rehabilitate the Laguna De Bay. The Company will continue to support the progress of TLCDC in this regard.
- Further scan for business target projects, and welcome other business opportunities from different industries apart from oil and gas and mineral exploration.
- Evaluate potential buyers to buy out investment with Forum Exploration Inc. or enter into partnership with potential buyers
- Actively looking into the traditional energy business, concentrating on cheap and consistent coal power for the country's base loads.
- Consider investing into potential renewable energy sources like solar power, ethane, biofuels, hydro, wind and geothermal energy
- Conduct research and feasibility studies on renewable projects, albeit utilizing more stringent investment hurdles, given that renewable energy projects produce power at higher pricing levels as compared to traditional energy sources.
- Evaluate advances to affiliates and design collection programs to improve the Company's financial status. As at December 31, 2022 and 2021, the Company has existing contracts with The Wellex Group Inc. (TWGI) to collect outstanding advances (see Note 11).
- Evaluate calling for the remaining stock subscription as source of fund for future projects, with the aim of utilizing this process as a tool to fund capital intensive endeavors.

The Company's management believes that the financial support and its business plans are sufficient to provide the Company's ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of Compliance

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

Basis of Preparation

The financial statements have been prepared on a historical cost basis, except for the Company's financial assets at FVOCI, which are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique.

Functional and Presentation Currency

The financial statements are presented in Philippine peso (₱), the Company's functional currency. All amounts are rounded to the nearest peso except when otherwise indicated.

Current and Non-Current Classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and deferred tax liability are classified as non-current assets and non-current liabilities, respectively.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial years except for the following new and amended PFRS that are mandatorily effective for annual periods beginning on or after January 1, 2022.

Property, Plant and Equipment before Intended Use (Amendments to PAS 16). The amendments to PAS 16, Property, Plant and Equipment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The amendments are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Company.

Reference to the Conceptual Framework (Amendments to PFRS 3). Minor amendments were made to PFRS 3, Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets and Philippine Interpretation IFRIC 21, Levies. The amendments also confirm that contingent assets should not be recognized at the acquisition date. The amendments are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Company.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to PAS 37). The amendment to PAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. The amendments are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Company.

Annual Improvements to PFRS Standards 2018–2020

- *PFRS 9, Financial Instruments* – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- *PFRS 16, Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

The annual improvements are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Company.

New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to January 1, 2022

Standards issued but not yet effective up to the date of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1). The narrow-scope amendments to PAS 1, Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The amendments are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted.

Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2). The narrow-scope amendments PAS 1, Presentation of Financial Statements require entities to disclose material accounting policy information instead of significant accounting policies. The amendments also clarify the following: (1) accounting policy information may be material because of its nature, even if the related amounts are immaterial; (2) accounting policy is material if users of an entity's financial statements would need it to understand other material information in the statements; and (3) if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. Further, the amendments provides several paragraphs to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1. The amendments are applied prospectively. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted. Once the entity applies the amendments to PAS 1, it is also permitted to apply the amendments to PFRS Practice Statement 2.

Definition of Accounting Estimates (Amendments to PAS 8). The amendments to PAS 8, Accounting Policies, changes focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Deferred Tax Related to Assets and Liabilities arising from Single Transaction (Amendments to PAS 12). The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary difference arise on initial recognition. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Lease Liability in a Sale and Leaseback (Amendments to PFRS 16). The amendment clarifies the how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments to PFRS 16 specifies that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Noncurrent Liabilities with Covenants (Amendments to PAS 1). The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of liability. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as either current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for annual periods beginning on or after January 1, 2024.

Deferred Effectivity

PFRS 10, Consolidated Financial Statements and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments). The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. On January 13, 2016, the FRSC deferred the original effective date of April 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Company has not early adopted the previously mentioned new, amended and improved accounting standards and interpretations. The Company continues to assess the impact of the above new, amended and improved accounting standards and interpretations that are effective subsequent to January 1, 2022 on its financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

Determination of Fair Value and Fair Value Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the 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 non-financial 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 valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value measurement disclosures of financial and non-financial assets are presented in Note 18 to the financial statements.

“Day 1” difference

When 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 the statements of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statements of comprehensive income 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 amount.

Financial Instruments

Initial recognition, measurement and classification

The Company recognizes financial assets and financial liabilities in the statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments includes transaction costs, except for those financial assets and liabilities at fair value through profit or loss (FVPL) where the transaction costs are charged to expenses in the period incurred.

The Company classifies its financial assets as subsequently measured at amortized cost, FVOCI and FVPL. The classification of financial assets depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing the financial assets. The Company’s business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company’s business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company classifies its financial liabilities as subsequently measured at amortized cost using the effective interest method.

Financial assets at amortized cost

Financial assets are measured at amortized when 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 measurement, financial assets at amortized cost are subsequently measured using the effective interest method less allowance for impairment. Gains and losses are recognized in the statements of comprehensive income when the financial assets at amortized cost are derecognized, modified or impaired. These financial assets are included in current assets if maturity is within twelve (12) months from the end of reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2022 and 2021, included under financial assets at amortized cost are the Company's cash and advances to related parties (see Notes 5 and 11).

Cash

The Company's cash represents cash in bank that are not legally restricted for use, which carries interest at respective bank deposit rate.

Advances to related parties

Advances to related parties represent promissory notes from TWGI and Forum Exploration Inc. (FEI) which represents cash advance for working capital and value of exploration of assets transferred to the Company.

Equity instruments designated at FVOCI

Upon initial recognition, the Company may make an irrevocable election to present in other comprehensive income changes in the fair value of an equity investment that is not held for trading. The classification is determined on an instrument-by-instrument basis. When the equity instrument is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss, but is transferred to retained earnings. Dividends on such investments are recognized in profit or loss when the right of payment has been established, except when the dividends represent a recovery of part of the cost of the investment, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment. These financial assets are classified as noncurrent assets.

As at December 31, 2022 and 2021, the Company elected to classify irrevocably its quoted and unquoted equity investments under this category (see Note 7).

Financial liabilities at amortized cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated at FVPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

As at December 31, 2022 and 2021, included in financial liabilities at amortized cost are the Company's accounts payable and other liabilities (excluding government liabilities), lease liability and advances from a related party (see Notes 9 and 11).

Accounts payable and other liabilities

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other current liabilities include non-trade payables, accrued expenses and due to government agencies. Accounts payable and other liabilities are classified as current liabilities if payment is due within one year or less or in the normal operating cycle of the business if longer while non-trade payables are classified as current liabilities if payment is due within one year or less. Otherwise, these are presented as noncurrent liabilities.

Lease liability

Lease liability represents the Company's obligation to make lease payments for all leases with a term of more than 12 months, unless the underlying asset is of low value is effectively treated as a financial liability which is measured at amortized cost, using the incremental borrowing rate of the Company.

Advances from a related party

Represents cash advances from a related party for working capital requirements.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derecognition of Financial Instruments

Financial assets

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

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

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

Financial liabilities

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses (ECL) for all debt instruments that are measured at amortized cost. ECL is a probability-weighted estimate of credit losses over the expected life of the financial asset.

Credit losses are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company assesses at each end of the reporting period whether the credit risk on a financial asset has increased significantly since initial recognition. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to the lifetime ECL. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to 12-month ECL. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting period.

For advances to related parties, the Company applies a general approach in calculating ECL. The Company recognizes a loss allowance using the management's adopted policy on ECL at the end of each reporting period. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including time value of money where appropriate.

When the credit risk on financial instruments for which lifetime ECL have been recognized subsequently improves, and the requirement for recognizing lifetime ECL is no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting period, except for assets for which simplified approach was used.

The Company recognizes impairment loss (reversals) in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset in the statements of financial position.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the end of reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are one day past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of reporting period. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of investment grade in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of performing. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

When the credit risk on financial instruments for which lifetime ECL have been recognized subsequently improves, and the requirement for recognizing lifetime ECL is no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting period, except for assets for which simplified approach was used.

The Company recognizes impairment loss (reversals) in statements of comprehensive income for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset in the statements of financial position.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Parent Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than one year past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables and contract assets, when the amounts are over five years past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Input Tax

Input tax pertains to indirect tax paid by the Company on its local purchase of goods and services from a value-added tax (VAT)-registered person. Input tax is deducted against output tax in arriving at the VAT due and payable.

The Company's input tax is initially recognized at face value and subsequently measured at face value less provision for impairment, if any. Allowance for unrecoverable input tax, if any, are maintained by the Company at a level considered adequate to provide for potential uncollectible portion of the claims. The Company, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment loss.

Right-of-use Asset

Right-of-use asset represents lessee's right to use an asset over the lease term.

The Company recognizes right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is initially measured at cost which includes the amount of lease liability recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use asset is subsequently measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability.

Right-of-use asset is depreciated on a straight-line basis over the lease term of two years which is shorter than its estimated useful life.

When right-of-use are retired or otherwise disposed of, the cost and the related accumulated depreciation and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that any of its assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Retirement Benefits

The Company does not provide any retirement benefits because it does not have any employee. The Company's administrative functions are performed by TWGL.

Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred income tax is determined using tax rates and laws, in the period the temporary difference is expected to be recovered or settled, that have been enacted or substantively enacted as at reporting period.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each reporting date the Company reassess the need to recognize previously unrecognized deferred income tax asset.

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

The Company reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax asset against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company elects to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

Related Parties and Related Party Transactions

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

Related party relationship exists when: (a) a person or a close member of that person's family has control or joint control, has significant influence or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity; and (b) when any of the following conditions apply: (i) the entity and the Company are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party; (v) the entity is a post-employment benefit plan for the benefit of employees of the Company; (vi) the entity is controlled or jointly controlled by a person as identified in (a) above; (vii) the entity or any member of a group of which it is part, provides key management personnel services to the Company or to the parent of the Company; (viii) a person identified in (a) above has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.

In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely the legal form.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are measured (initial and subsequent) at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and time value of money is material, the initial measurement is on a present value basis.

Capital stock represents the par value of shares that have been issued at the end of the reporting period.

Subscribed capital stock represents the par value of the subscribed shares.

Subscription receivables represent par value of the shares subscribed but the Company has not yet received the payments from the subscriber.

Treasury shares represent own equity instruments reacquired, the amount of the consideration paid, including directly attributable cost, net of any tax effects, is recognized as a reduction from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as Additional paid-in capital. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them respectively.

When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to Additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Unrealized fair value gain on financial assets at FVOCI represents accumulated gains from increase in the market value of financial assets at FVOCI.

Deficit includes all current and prior period accumulated losses as disclosed in the statements of comprehensive income.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Interest income is recognized as it accrues (using the effective interest method i.e., the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Cost and Expense Recognition

Cost and expenses are recognized in statements of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in statements of comprehensive income: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statements of comprehensive income are presented using the nature of expense method.

Foreign Currency Denominated Transactions

Foreign currency transactions are initially recognized by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in terms of historical cost are translated using the foreign exchange rate at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Basic Income (Loss) Per Share

Basic income (loss) per share is calculated by dividing the income (loss) by the weighted average number of common shares issued during the year, excluding common shares purchased by the Company and held as treasury shares.

Provisions and Contingencies

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 with the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, an increase in the provision due to the passage of time is recognized as an interest expense. When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursement.

Contingent liabilities are not recognized in the 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 financial statements, but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

Events after the Reporting Date

The Company identifies post-year events that occurred after the reporting date but before the date when the Company financial statements were authorized for issue. Post year-end events that provide additional information about the Company's position at the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the financial statements when material.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, AND ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments and estimates that affect amounts reported in the Company financial statements. These judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company believes the following represent a summary of these significant judgments and estimate and related impact and associated risks in the Company financial statements.

Significant Accounting Judgments in Applying the Company's Accounting Policies

Leases

The Company has entered into contracts of lease for its office space it occupies. The Company determines the contract if there is a substance of lease. In determining the substance of the lease, the Company considered, among others, whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Based on management judgment, the Company's lease for its office space has substance of lease, thus, the Company recognized right-of-use asset representing the right to use the leased asset and lease liability representing its obligation to make lease payments.

Significant Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of input tax

Management believes that the recoverability of input tax is doubtful since the Company is not expecting income subject to output tax in the near future. Consequently, the Company has provided full valuation allowance of its input tax in 2022 and 2021.

The Company's input tax amounted to ₱2,634,234 and ₱2,416,747 as at December 31, 2022 and 2021, respectively (see Note 6).

Deferred tax assets

The Company reviews the carrying amounts at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Due to non-operation of the Company, management expects that the Company will continue to incur losses and the related deferred tax assets will not be utilized in the near future. The Company's unrecognized deferred tax assets are fully disclosed in Note 14.

The Company's unrecognized deferred tax assets amounted to ₱1,264,821 and ₱1,849,279 as at December 31, 2022 and 2021, respectively (see Note 14).

Allowance for impairment of advances to related parties

Allowance for impairment of advances to related parties is maintained at a level considered adequate to provide for potentially uncollectible receivables. The level of allowance is based on the status of the advances to related parties, past collection experience and other factors that may affect collectibility.

Advances to related parties amounted to ₱256,224,428 and ₱252,203,951, net of allowance for impairment loss of ₱221,205,384 as at December 31, 2022 and 2021, respectively (see Note 11).

Allowance for impairment on financial assets at FVOCI

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Since management has assessed that the financial assets at FVOCI cannot be recovered and the decline in book value per share is other than temporary, the Company has provided allowance for impairment loss.

The Company's financial assets at FVOCI amounted to ₱84,535,281 and ₱91,311,816, net of allowance amounted to ₱20,000,000 as at December 31, 2022 and 2021, respectively (see Note 7).

5. CASH

Cash represents cash in bank with outstanding balance of ₱276,000 and ₱295,667 as at December 31, 2022 and 2021, respectively. Interest income earned from bank deposits were ₱158, ₱315 and ₱518 for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 13).

Cash in bank generally earns interest at annual rates based on daily bank deposit rates ranging from 0.125% to 0.25% per annum in 2022 and 2021.

There is no restriction on the Company's cash in bank as at December 31, 2022 and 2021.

6. PREPAYMENTS AND OTHER CURRENT ASSETS (net)

Prepayments and other current assets (net) as at December 31 consist of:

	2022	2021
Input tax	₱ 2,634,234	₱ 2,416,747
Less: Valuation allowance on input tax	(2,634,234)	(2,416,747)
	—	—
Other current assets	38,213	38,213
	₱ 38,213	₱ 38,213

Movements in the allowance on input tax are as follows:

	2022	2021
Balance at beginning of the year	₱ 2,416,747	₱ 2,236,548
Provision during the year – note 13	217,487	180,199
Balance at end of year	₱ 2,634,234	₱ 2,416,747

Other current assets represent mainly of cash in bank subject to garnishment.

The Company has provided full valuation allowance on its input tax since they are not expecting to generate income subject to VAT on which it can claim all its input tax against its output tax.

7. FINANCIAL ASSETS AT FVOCI

Financial assets at FVOCI as at December 31 consist of:

	2022	2021
Unquoted shares		
Balance at beginning and end of the year	₱65,711,573	₱65,711,573
Quoted shares		
Cost	7,529,480	7,529,480
Unrealized fair value gain	11,294,228	18,070,763
	18,823,708	25,600,243
	₱84,535,281	₱91,311,816

Investment in unquoted shares of stock represents ownership of the Company in FEI (see Note 11) and TLCDC. These investments are classified as financial assets at FVOCI as the Company does not participate in the financial and operating policy of the investee would which manifest control, joint control or significant influence. The Company believes that the carrying amount of these unquoted shares of stock approximates fair value.

Investment in quoted shares of stock represents ownership investment in Philippine Estates Corporation (PHES), a publicly listed Company. The fair value of these shares has been determined directly by reference to published prices in the active market.

The movements in the unrealized fair value gain on financial assets at FVOCI are as follows:

	2022	2021	2020
At beginning of year	₱18,070,763	₱13,804,055	₱ 14,055,038
Unrealized fair value gain (loss) during the year	(6,776,535)	4,266,708	(250,983)
At end of year	₱ 11,294,228	₱18,070,763	₱ 13,804,055

The Company's financial assets at FVOCI as at December 31, 2022 and 2021 are not held as collateral for its financial liabilities.

8. RIGHT-OF-USE ASSET (net)

The reconciliation of right-of-use asset for the years ended December 31 are as follows:

	2022	2021
Cost		
Balance at beginning of year	₱230,283	₱230,283
Additions	285,077	–
Write-off	(230,283)	–
Balance at end of year	285,077	230,283
Accumulated depreciation		
At beginning of year	191,903	76,761
Depreciation – note 12	133,405	115,142
Write-off	(230,283)	–
At end of year	95,025	191,903
Net carrying amounts, December 31	₱190,052	₱ 38,380

Write-off of right-of-use assets pertains to expired lease contracts.

Based on the impairment review of the Company's right-of-use asset, the Company believes that there is no indication of impairment on its right-of-use asset as at December 31, 2022 and 2021.

9. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities as at December 31 consist of:

	2022	2021
Deferred output VAT	₱1,453,633	₱ 741,649
Accrued expenses	355,197	515,847
Withholding taxes	9,125	8,625
	₱ 1,817,955	₱ 1,266,121

Accrued expenses pertain to unpaid professional fees.

There were no assets of the Company that were collateralized for the above accounts payable and other liabilities.

10. CAPITAL STOCK

Details of the Company's capital stock as at December 31, 2022 and 2021 are as follows:

Capital stock	Number of Shares	Par value	Total
Authorized	3,500,000,000	₱ 1	₱ 3,500,000,000
Subscribed	1,875,000,000	1	1,875,000,000
Less: Subscription receivables	(667,456,379)	1	(667,456,379)
Subscribed and paid-up	1,207,543,621	1	1,207,543,621
Less: Treasury shares	(36,056,750)	1	(36,056,750)
Issued and outstanding	1,171,486,871	₱ 1	₱ 1,171,486,871

The Company has one class of common shares which carry no right to fixed income. No movement in the capital stock of the Company in 2022 and 2021 reporting periods. There were no shares of the Company reserved for issue under options and contracts for the sale of shares as at December 31, 2022 and 2021.

Track record of registration of securities

The Company was originally registered as Cophil Exploration, Inc. with the SEC on January 8, 1993. The Company was listed with the PSE on December 19, 1994 with initial registered shares of 50 billion at ₱0.01 par value per share.

On September 2, 1996, the BOD and stockholders approved a resolution to amend the Company's Article of Incorporation by changing the par value per share of ₱0.01 to ₱1.00, removing the pre-emptive rights of shareholders and increasing authorized capital stock from ₱500 million divided by 50 billion shares to ₱2 billion divided into 2 billion shares. On September 27, 1996, SEC approved the amendment on the Company's capital structure.

On August 22, 1997, the BOD and the stockholders approved a further increase in the Company's authorized capital stock from ₱2 billion to ₱3.5 billion divided into 3.5 billion shares with a par value of ₱1 per share. On March 11, 1998, SEC approved the Company's increased in authorized capital stock.

The Company has 1.5 billion shares listed and traded in the PSE as at December 31, 2022 and 2021.

The historical market values of the Company's share are as follows:

December 31, 2022	₱0.230
December 31, 2021	0.270
December 31, 2020	0.225

The Company has 859 and 862 stockholders as at December 31, 2022 and 2021, respectively.

11. RELATED PARTY TRANSACTIONS

The Company, in the normal course of business, has transactions with related parties. Such transactions are unsecured, non-interest bearing and with no definite terms of repayments period. The Company did not provide nor received any guarantee on its transaction with related parties. All outstanding balances are to be settled through cash or offsetting arrangement.

Details of related party relationships, transactions and balances are as follows:

Related parties and relationships	Amount of transactions		Outstanding receivable		Terms and Condition
	2022	2021	2022	2021	
<u>With common key management</u>					
TWGI					
Cash advance	(₱1,912,718)	(₱1,105,479)	₱293,685,130	₱295,597,848	(a) Unsecured,
Interest income	5,933,195	5,933,195	12,113,606	6,180,411	(a) partially impaired
Consultancy agreement	(480,000)	(480,000)	—	—	(a)
Rental and utilities	(222,000)	(222,000)	—	—	(a)
FEI					
Transfer of assets	—	—	171,631,076	171,631,076	(b) Unsecured, Fully impaired
	3,318,477	(4,125,716)	477,429,812	473,409,335	
Impairment loss	—	—	(221,205,384)	(221,205,384)	
	₱3,318,477	(4,125,716)	₱ 256,224,428	₱ 252,203,951	
Related parties and relationships	Amount of transactions		Outstanding payable		Terms and Condition
	2022	2021	2022	2021	
<u>With common key management</u>					
FEI, Ltd.					
Cash advance for working capital	₱ —	₱ —	₱4,623,316	₱ 4,228,951	(c) Unsecured

(a) Advances to TWGI

On December 16, 2020, TWGI issued a new promissory note amounting to P296,659,777 in favor of the Company. The term of the loan is five years maturing on December 15, 2025, bearing an interest of 2% per annum. Accrued interest receivable for this promissory note amounted to P12,113,606 and P6,180,411 as at December 31, 2022 and 2021, respectively.

To settle the outstanding advances, the Company entered into the following contracts with TWGI, which in return, amounts incurred will be applied to the outstanding advances:

- The Company leases an office space from TWGI in May 2014. The lease is for a period of two years but renewable thereafter upon mutual agreement of both parties. The contract has been renewed thrice since then and is currently valid until April 30, 2024.

Utilities expense charged to operations amounted to ₱72,000 for the years ended December 31, 2022, 2021 and 2020 (see Note 12).

The Company recognized the asset as ‘right-of-use asset’ and corresponding lease liability.

The present value of the lease liability as at December 31 is as follows:

	2022	2021
Current	₱143,349	₱ 41,806
Noncurrent	48,323	–
	₱191,672	₱ 41,806

The future minimum lease payments as at December 31 are as follows:

	2022	2021
Not later than one year	₱150,000	₱ 50,000
Later than one year but not later than five years	50,000	–
Future minimum lease payments	200,000	50,000
Amounts representing finance charges	(8,328)	(8,194)
	₱191,672	₱ 41,806

The net carrying amount of the right-of-use asset recognized as at December 31, 2022 and 2021 is disclosed in Note 8.

Total finance costs charged to operations amounted to ₱14,789, ₱31,433 and ₱40,000 for the years ended December 31, 2022, 2021 and 2020, respectively.

- In April 2012, the Company has entered into a consultancy agreement with TWGI, whereby the latter will provide corporate planning and financial services on its various corporate functions and undertakings. The contract has been renewed four times since then and is currently valid until April 30, 2024. Total management fee charged to operations amounted to ₱480,000 for the years ended December 31, 2022, 2021 and 2020 (see Note 12).

The Company originally provides allowance for impairment on advances to TWGI prior to agreements entered into to settle the outstanding advances. Allowance for impairment will be reversed once the unimpaired portion of advances is substantially collected and upon assessment by the management on the continuity of the existing agreements.

(b) Advances to FEI

FEI is a legal and beneficial owner of 100% interest in Service Contract (SC) 40, an upstream oil and gas contract area in the Philippines, entered with the Philippine Government through the Department of Energy (DOE). Annual gas production from field on SC 40 totaled 41.09 million standard cubic feet (MSCF) and 78.66 MSCF since the start of production in 2012.

FEI has also implemented Work Program and Budget as approved by DOE on November 17, 2014 which includes, among others, a commitment to perform land gravity survey over the Dalingding Structure starting March 2015. Since 2014, FEI has performing geological and geophysical study aimed to identify and prioritize highly prospective areas for future exploration.

The Company has outstanding advances to FEI pertaining to the value of exploration assets transferred by the Company.

The Company is positive on FEI's success on its exploration and future development work in providing the viability of its oil properties to produce oil in commercial quantities.

As at December 31, 2022 and 2021, FEI has not yet returned the value of the exploration assets that the Company transferred.

(c) Advances from FORUM GSEC 101 Ltd. (Forum Exploration, Inc. Ltd. (FEI – Ltd.))

The Company received USD denominated cash advances from FORUM GSEC 101 Ltd. (Jersey), Formerly FEI - Ltd. amounted to \$82,922 with no definite terms of payment and will be settled in USD.

	2022	2021
At beginning of year	₱4,228,951	₱ 3,982,175
Unrealized foreign exchange loss – note 13	394,365	246,776
At end of year	₱4,623,316	₱ 4,228,951

(d) Remuneration to key management personnel

With the Company's tight cash position, management decided to suspend any form of compensation/ remuneration given to key management personnel.

(e) Others

The Company's administrative functions are performed by TWGI.

12. COSTS AND EXPENSES

Cost and expenses for the years ended December 31 consists of:

	2022	2021	2020
Professional fees	₱ 941,000	₱ 900,000	₱ 790,000
Management fees – note 11	480,000	480,000	480,000
Membership fees and dues	262,250	264,850	272,699
Depreciation – note 8	133,405	115,142	112,878
Publication fees	97,907	114,400	156,728
Utilities – note 11	72,000	72,000	72,000
Donation	26,756	30,000	516,000
Taxes and licenses	19,271	19,271	20,306
Travel and transportation	9,530	9,090	2,915
Office supplies	5,667	2,881	15,942
Miscellaneous	143,177	91,120	83,478
	₱ 2,190,963	₱ 2,098,754	₱ 2,522,945

Membership fees and dues include annual PSE listing and registration.

Miscellaneous expense mainly consists of website maintenance fees.

13. OTHER INCOME (net)

Other income (net) for the years ended December 31 consists of:

	2022	2021	2020
Interest income			
Advances to related parties – note 11	₱ 5,933,195	₱ 5,933,195	₱ 247,216
Cash in bank – note 5	158	315	518
Unrealized foreign exchange gain (loss) – note 11	(394,365)	(246,776)	216,592
Provision for impairment on input tax – note 6	(217,487)	(180,199)	(202,163)
	₱ 5,321,501	₱ 5,506,535	₱ 262,163

14. INCOME TAXES

Reconciliation of tax expense

The reconciliation of income (loss) before income tax computed at the regular corporate income tax rate to the provision for income tax as shown in the statement of comprehensive income is as follows:

	2022	2021	2020
Income (loss) before income tax	₱ 3,115,749	₱ 3,376,348	(₱ 2,300,782)
Income tax benefit at statutory rate:	₱ 778,937	₱ 844,087	(₱ 690,235)
Income tax effect on:			
Interest income subjected to final tax	(39)	(78)	(155)
Nondeductible expense	21,082	7,500	–
Expired NOLCO	–	–	779,086
Change in unrecognized deferred tax assets	(584,458)	(791,321)	(84,615)
Change in income tax rate		(893)	–
	₱ 215,522	₱ 59,295	₱ 4,081

The composition of deferred tax assets (net) and liability as at December 31 is as follows:

	2022	2021
Deferred tax assets		
Provision for input VAT	₱ 658,558	₱ 604,186
Unrealized foreign exchange loss	606,263	507,672
Lease liability	47,918	10,451
NOLCO	–	673,145
MCIT	–	64,276
	1,312,739	1,859,730
Unrecognized deferred tax assets	(1,264,821)	(1,849,279)
	₱ 47,918	₱ 10,451
Deferred tax liability		
Right-of-use asset	(₱ 47,513)	(₱ 9,595)

The Company has deductible temporary differences that are available for offset against future taxable income for which no deferred tax assets have been recognized in the financial statements. Deferred tax assets of the temporary differences amounting to ₱1,264,821 and ₱1,849,279 in 2022 and 2021, respectively, were not recognized as management believes that it is more likely than not, that the carry-forward benefits will not be realized in the future.

Deferred tax assets and liability are determined using the income tax rates in the periods the temporary differences are expected to be recovered or settled.

As at December 31, 2022, the Company's NOLCO was claimed as deduction from taxable income as follows:

Year Incurred	Expiration Date	Beginning balance	Additions	Expired	Claimed	Ending balance
2020	2025	₱2,312,852	₱ –	₱ –	(₱2,312,852)	₱ –
2019	2022	379,727	–	–	(379,727)	–
		₱2,692,579	₱ –	₱ –	(₱2,692,579)	₱ –

As at December 31, 2022, the Company's MCIT was claimed as deduction from income tax payable as follows:

Year of Incurrence	Year of Expiry	Beginning balance	Additions	Claimed	Ending balance
2020	2023	₱ 4,944	₱ –	(₱ 4,944)	₱ –
2021	2024	59,332	–	(59,332)	–
		₱ 64,276	₱ –	(₱ 64,276)	₱ –

15. INCOME (LOSS) PER SHARE

The following table presents information necessary to calculate the income (loss) per share:

	2022	2021	2020
Net income (loss) for the year	₱2,900,227	₱ 3,317,053	(₱ 2,304,863)
Weighted average number of common shares outstanding during the year	1,171,486,871	1,171,486,871	1,171,486,871
	₱ 0.002	₱ 0.003	(₱ 0.002)

16. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which results from both its operating and financing activities. The Company's risk management is coordinated with the BOD and focuses on actively securing the short-term cash flows to finance its operation.

The Company's principal financial instruments comprise of cash, advances to related parties, financial assets at FVOCI, accounts payable and other liabilities (excluding local and other taxes and other liabilities to government agencies), lease liability and advances from a related party. The main purpose of these financial instruments is to raise financing for the Company's operations. The Company does not actively engage in trading of financial assets for speculative purposes nor does it have options.

The most significant financial risks in which the Company is exposed to are described below:

Credit risk

Credit risk refers to the risk that a counterparty will default its contractual obligation resulting in financial loss to the Company. The Company's credit risk is primarily attributable to its financial assets which composed of cash and advances to related parties.

In order to minimize credit risk, the Company has developed and maintained internal credit risk grading to categorize exposures according to their degree of risk of default. The Company uses its own trading records to rate its major customers and other debtors.

The Company current credit risk grading framework is as follows:

Category	Description	Basis for recognizing ECL	Base	Minimum allowance for credit losses	Stage
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECL	0%	0%	1
Doubtful	Amount is 1-30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired	25%	1%	2
	Amount is 31-90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – not credit-impaired	25%	5%	2
	Amount is 91-180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – not credit-impaired	25%	10%	2
	Amount is 181-360 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – not credit-impaired	25%	12%	2
In default	Amount is over 1 year to 2 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	50%	15%	3
	Amount is over 2 years to 3 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	100%	15%	3
	Amount is over 3 years to 5 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	100%	50%	3
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off	100%	100%	3

The maximum credit risk exposure of the financial assets is the carrying amount of the financial assets shown on the face of statement of financial position, as summarized below:

		December 31, 2022			
		Basis of recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in bank– note 5	(a)		₱ 276,000	₱ –	₱ 276,000
Advances to related parties – note 11	(b)	Lifetime ECL	477,429,812	(221,205,384)	256,224,428
Total			₱ 477,705,812	(₱ 221,205,384)	₱ 256,500,428

		December 31, 2021			
		Basis of recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in bank– note 5	(a)		₱ 295,667	₱ –	₱ 295,667
Advances to related parties – note 11	(b)	Lifetime ECL	473,409,335	(221,205,384)	252,203,951
Total			₱ 473,705,002	(₱ 221,205,384)	₱ 252,499,618

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described below.

(a) Cash in bank

The credit risk for cash in bank is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in bank is insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 for every depositor per banking institution.

(b) Advances to related parties

For advances to related parties, the Company has applied the general approach to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

To measure the ECL, advances to related parties have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for advances to related parties are a reasonable approximation of the loss rates for the financial asset.

On that basis, the loss allowance as at December 31, 2022 and 2021 was determined based on Company's credit risk grading framework, as follows for advances to related parties:

December 31, 2022	ECL rate	Cash in bank	Advances to related parties	Total	ECL
Performing	0%	₱ 276,000	₱305,798,736	₱306,074,736	₱49,574,308*
Doubtful		—	—	—	—
1-30 days	0.25%	—	—	—	—
31-90 days	1.25%	—	—	—	—
91-180 days	2.50%	—	—	—	—
181-360 days	3.00%	—	—	—	—
In default					
1-2 years	7.50%	—	—	—	—
2-3 years	15.00%	—	—	—	—
3-5 years	50.00%	—	—	—	—
Write-off	100%	—	171,631,076	171,631,076	171,631,076
		₱ 276,000	₱477,429,812	₱ 477,705,812	₱221,205,384

December 31, 2021	ECL rate	Cash in bank	Advances to related parties	Total	ECL
Performing	0%	₱ 295,667	₱301,778,259	₱302,073,926	₱49,574,308*
Doubtful		—	—	—	—
1-30 days	0.25%	—	—	—	—
31-90 days	1.25%	—	—	—	—
91-180 days	2.50%	—	—	—	—
181-360 days	3.00%	—	—	—	—
In default					
1-2 years	7.50%	—	—	—	—
2-3 years	15.00%	—	—	—	—
3-5 years	50.00%	—	—	—	—
Write-off	100%	—	171,631,076	171,631,076	171,631,076
		₱ 295,667	₱473,409,335	₱ 473,705,002	₱221,205,384

*ECL represents 15% of ₱330,495,385 (based on original PN amount)

The management continues to review receivable from related parties for any legally enforceable right to offset with liabilities with the expressed intention of the borrower to settle on a net basis.

Impaired accounts represent account of related parties that have not paid for a while and for which the Company believes that a portion of the receivables may not be collected. The allowance is estimated based on the Company's estimate for accounts which it believes may no longer be collected.

As at December 31, 2022 and 2021, the Company has entered into agreements with its related party to settle the advances (see Note 11).

Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company is mainly exposed to liquidity risk through its maturing liabilities. The Company has a policy of regularly monitoring its cash position to ensure that maturing liabilities will be adequately met.

The Company manages liquidity risk through continuous collection of advances to related parties which is considered as cash inflow to finance its operation. The Company continuously monitoring forecast and actual cash flows and matching the maturity profiles of liabilities.

The details of the maturity analysis of the Company's liabilities are as follows:

December 31, 2022	Total	On demand	Less than three months	3 to 12 months	1 to 5 years
Account payable and other liabilities*	₱ 355,197	₱ –	₱ –	₱ 355,197	₱ –
Lease liability	191,672	–	–	143,349	48,323
Advances from a related party	4,623,316	–	–	–	4,623,316
	₱ 5,170,185	₱ –	₱ –	₱ 498,546	₱ 4,671,639

December 31, 2021	Total	On demand	Less than three months	3 to 12 months	1 to 5 years
Account payable and other liabilities*	₱ 515,847	₱ –	₱ –	₱ 515,847	₱ –
Lease liability	41,806	–	–	41,806	–
Advances from a related party	4,228,951	–	–	–	4,228,951
	₱ 4,786,604	₱ –	₱ –	₱ 557,653	₱ 4,228,951

**excluding government liabilities*

The Company's current ratio as at December 31, 2022 and 2021 is 0.14:1 and 0.24:1, respectively. This shows that for every peso of currently maturing liabilities, the Company has a fund of ₱0.14 and ₱0.24 in 2022 and 2021, respectively, to settle its obligations.

Equity price risk

Equity price risk is the risk that the fair value of equity instrument decreases as a result of changes in the value of individual stocks. The Company's exposure to equity price risk arises from investments held by the Company and classified in the Company's statements of financial position either as financial asset at FVOCI.

Equity instruments designated at FVOCI in listed and non-listed companies are held for strategic rather than trading purposes. The Company does not actively trade these investments. The Company also invested in portfolio of listed shares which are held for trading and has designated equity instrument in a non-listed Company at FVOCI.

If the price of the financial assets at FVOCI had been 10% higher/lower, other comprehensive income for the years ended December 31, 2022 and 2021 would decrease/increase by ₱8,453,528 and ₱9,131,182, respectively.

Foreign currency risk

The Company is exposed to foreign exchange risk arising from currency exposures primarily with respect to the U.S. dollars. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Significant fluctuation in the exchange rates could significantly affect the Company's financial position.

The Company is mainly exposed to foreign currency risk through its advances from a related party of \$82,922 which amounted to ₱4,623,316 and ₱4,228,951 as at December 31, 2022 and 2021, respectively.

The sensitivity rate used on reporting foreign currency risk internally to key management personnel is 10% and it represents management's assessment of reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary assets and liabilities and adjusts their translation at the period end for a 10% in foreign exchange rates. A positive number indicates an increase in net income when the Philippine peso strengthens at 10% against the relevant currency. For 10% weakening of the Philippine peso against the relevant currency, there would be an equal and opposite impact on the net income.

If foreign exchange rates had been 10% higher/lower, the net loss before tax would decrease /increase by ₱8,292 in 2022 and 2021. Equity as at December 31, 2022 and 2021 would decrease/increase by ₱6,219.

Capital Risk Objective and Management

The primary objective of the Company's capital management is to ensure its ability to continue as a going concern.

The BOD have the overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including accounts payable and other liabilities, lease liability and advances from a related party as shown in the statements of financial position) less cash. Total capital is calculated as equity as shown in the statements of financial position plus net debt.

Gearing ratio compares some form of owner's equity to borrowed funds. It is a measure of financial leverage demonstrating the degree to which the Company's activities are funded by owner's funds versus creditors' funds.

The gearing ratios as at December 31 were as follows:

	2022	2021
Debt	₱6,895,527	₱ 5,605,805
Cash	276,000	295,667
Net debt	6,619,527	5,310,138
Equity	334,416,365	338,292,673
Gearing ratio	0.020:1	0.016:1

The Company is subject to externally imposed capital requirement amounting to ₱6,250,000 which is the minimum paid-up capital requirement of SEC for mining companies. As at December 31, 2022 and 2021, the Company is in compliance with this externally imposed capital requirement.

17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The reconciliation about the changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes for the years ended December 31 is as follows:

	Balance as at January 1, 2022	Effect of foreign exchange rates	New leases	Changes from financing cash flows	Balance as at December 31, 2022
Advances from a related party	₱4,228,951	₱394,365	₱ –	₱ –	₱4,623,316
Lease liability	41,806	–	285,077	(135,211)	191,672
	₱4,270,757	₱394,365	₱ 285,077	(₱135,211)	₱4,814,988

	Balance as at January 1, 2021	Effect of foreign exchange rates	Changes from financing cash flows	Balance as at December 31, 2021
Advances from a related party	₱3,982,175	₱246,776	₱ –	₱4,228,951
Lease liability	160,373	–	(118,567)	41,806
	₱4,142,548	₱246,776	(₱118,567)	₱4,270,757

18. FAIR VALUE INFORMATION

Assets measured at fair value

The following table gives information about how the fair values of the Company's assets, which are measured at fair value at the end of each reporting period, are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at December 31		Fair value hierarchy	Valuation techniques
	2022	2021		
Financial assets at FVOCI	₱18,823,708	₱25,600,243	Level 1	Quoted prices in an active market

Assets and liabilities not measured at fair value

The following table gives information about how the fair values of the Company's assets and liabilities, which are not measured at fair value but the fair values are disclosed at the end of each reporting period, are determined.

	2022		2021		Valuation techniques	Fair value hierarchy
	Carrying Value	Fair Value	Carrying Value	Fair Value		
Financial Asset						
Advances to related parties	₱256,224,428	₱243,536,424	₱252,203,951	₱248,086,460	Discounted value of future cash flows	Level 2
Financial Liabilities						
Lease liability	₱ 48,323	₱ 45,600	₱ –	₱ –	Discounted value of future cash flows	Level 2
Advances from a related party	4,623,316	4,394,374	4,228,951	4,159,909	Discounted value of future cash flows	Level 2
	₱ 4,671,639	₱4,439,974	₱ 4,228,951	₱4,159,909		

For the long-term financial assets and liabilities, the fair value of the non-interest bearing noncurrent assets and liabilities are determined based on the discounted value of future cash flows using the prevailing credit adjusted PH BVAL for 2022 and 2021 that are specific to the tenor of the instruments' cash flow as at reporting date. Discount rates used ranged from 5.2099% to 5.9706% in 2022 and 1.660% in 2021.

The carrying amounts of cash and accounts payable and other liabilities approximate their fair values due to the relatively short-term maturities of these financial instruments.

Certain financial assets at FVOCI amounting to ₱65,711,573 as at December 31, 2022 and 2021 are carried at cost less impairment loss since there was no reliable basis for the measurement of the fair value.

19. SUPPLEMENTARY INFORMATION REQUIRED BY BUREAU OF INTERNAL REVENUE

On December 28, 2010, Revenue Regulations (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS.

a) Output value-added tax

The Company has no output VAT since it does not have any income subject to VAT.

b) Input value-added tax

	2022
At beginning of year	₱ 2,416,747
Current purchases and payments for:	
Domestic purchases of goods and services	217,487
	₱ 2,634,234

c) Importations

The Company did not pay nor accrue custom duties or tariff fees as the Company did not import any goods or equipment for the year ended December 31, 2022.

d) Excise Tax

The Company did not pay nor accrue any excise tax as there was no related transaction that requires the payment of the said tax for the year ended December 31, 2022.

e) Documentary Stamp Tax

The Company did not pay nor accrue any documentary stamp tax as there was no related transaction that requires the payment of the said tax for the year ended December 31, 2022.

f) Taxes and licenses

Details of taxes and licenses account are broken down as follows:

	2022
Business permits	₱ 18,271
Community tax	500
BIR Annual registration	500
	₱ 19,271

g) Withholding taxes

The total amount of expanded withholding tax accrued and paid is ₱9,125 for the year ended December 31, 2022.

h) Deficiency tax assessment and tax cases

The Company had no deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR as at December 31, 2022.

i. Other information

All other information prescribed to be disclosed by the BIR has been included in this Note.

* * *

**Independent Auditors' Report on
Components of Financial Soundness Indicators**

To the Board of Directors and Stockholders of
FORUM PACIFIC, INC.
35th Floor, One Corporate Center
Doña Julia Vargas Ave., corner Meralco Avenue
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **Forum Pacific, Inc.** (the 'Company') as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated April 12, 2023. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, is the responsibility of the Company'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 the purpose 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 financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

DIAZ MURILLO DALUPAN AND COMPANY


Tax Identification No. 003-294-822

BOA/PRC No. 0234, effective until August 4, 2023

SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022 and
valid in the audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001911-000-2022, effective until March 15, 2025

By:


Richard Noel M. Ponce
Partner

CPA Certificate No. 120457

SEC Accreditation No. 1738-A, Group A, effective until March 30, 2025

Tax Identification No. 257-600-228

PTR No. 9573300, January 8, 2023, Makati City

BIR Accreditation No. 08-001911-012-2019, effective until September 29, 2025

April 12, 2023

Global Reach, Global Quality

Head Office : 7th Floor, Don Jacinto Building, De la Rosa corner Salcedo Sts., Legaspi Village, Makati City 1229 Philippines • Phone: +63(2) 894 5892 / 844 9421 / Fax: +63(2) 818 1872
Cebu Office : Unit 504 Cebu Holdings Building, Cebu Business Park, Mabolo, Cebu City 6000 Philippines • Phone: +63(32) 415 8108 - 10 / Fax: +63(32) 232 8029
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Palawan Office : 2F MRC Building, Pineda Road, Brgy. San Pedro, Puerto Princesa City, Palawan 5300 Philippines • Phone +63(48) 716 1580
Website : www.dmdcpa.com.ph

FORUM PACIFIC, INC.
SCHEDULE SHOWING FINANCIAL SOUNDNESS
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2022

Ratio	Formula	2022	2021
Profitability ratios: Return on assets	Net income	₱ 2,900,227	₱ 3,317,053
	Divided by: Total assets	341,311,892	343,898,478
	Return on assets	0.01:1	0.01:1
Return on equity	Net income	₱ 2,900,227	₱ 3,317,053
	Divided by: Total equity	334,416,365	338,292,673
	Return on equity	0.01:1	0.01:1
Net profit margin	Net income	₱ 2,900,227	₱ 3,317,053
	Divided by: Total revenue	—	—
	Net profit margin	NA	NA
Gross profit margin	Total revenue	₱ —	₱ —
	Less: Cost of service	—	—
	Gross profit	—	—
	Divided by: Total revenue	—	—
	Gross profit margin	NA	NA
Solvency and liquidity ratios: Current ratio	Current assets	₱ 314,213	₱ 333,880
	Divided by: Current liabilities	2,176,375	1,367,259
	Current ratio	0.14:1	0.24:1
Debt to equity ratio	Total liabilities	₱ 6,895,527	₱ 5,605,805
	Divided by: Total shareholder's equity	334,416,365	338,292,673
	Debt to equity ratio	0.02:1	0.02:1
Quick ratio	Quick assets*	₱ 276,000	₱ 295,667
	Divided by: Current liabilities	2,176,375	1,367,259
	Quick ratio	0.13:1	0.22:1
Cashflow liquidity ratio	Cashflow from operations	(₱ 1,782,385)	(₱ 1,241,608)
	Divided by: Current liabilities	2,176,375	1,367,259
	Cashflow liquidity ratio	(0.82:1)	(0.91:1)
Financial leverage ratio Asset to equity ratio	Total assets	₱ 341,311,892	₱ 343,898,478
	Divided by: Total shareholder's equity	334,416,365	338,292,673
	Asset to equity ratio	1.02:1	1.02:1
Debt to asset ratio	Total liabilities	₱ 6,895,527	₱ 5,605,805
	Divided by: Total assets	341,311,892	343,898,478
	Debt to asset ratio	0.02:1	0.02:1

*Includes Cash

Statement Required by Rule 68, Part I, Section 3.F,
Revised Securities Regulation Code (SRC)

To the Board of Directors and Stockholders of
FORUM PACIFIC, INC.
35th Floor, One Corporate Center
Doña Julia Vargas Ave., corner Meralco Avenue
Ortigas Center, Pasig City

We have audited the accompanying financial statements of **Forum Pacific, Inc.** (the 'Company'), as at and for the year ended December 31, 2022, on which we have rendered the attached report dated April 12, 2023. In connection with our audit, we obtained a certification from the Company's corporate secretary as to the number of stockholders and their corresponding shareholdings as at December 31, 2022. In relation to the certification issued by the corporate secretary, we conducted certain tests necessary to validate the related Company's entries and balances.

In compliance with Revised SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of the work performed, as at December 31, 2022, the Company has eight hundred fifty-nine (859) stockholders owning one hundred (100) or more shares each.

DIAZ MURILLO DALUPAN AND COMPANY


Tax Identification No. 003-294-822

BOA/PRC No. 0234, effective until August 4, 2023

SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022 and
valid in the audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001911-000-2022, effective until March 15, 2025

By:


Richard Noel M. Ponce
Partner

CPA Certificate No. 120457

SEC Accreditation No. 1738-A, Group A, effective until March 30, 2025

Tax Identification No. 257-600-228

PTR No. 9573300, January 8, 2023, Makati City

BIR Accreditation No. 08-001911-012-2019, effective until September 29, 2025

April 12, 2023

Global Reach, Global Quality

Head Office : 7th Floor, Don Jacinto Building, De la Rosa corner Salcedo Sts., Legaspi Village, Makati City 1229 Philippines • Phone: +63(2) 894 5892 / 844 9421 / Fax: +63(2) 818 1872
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Palawan Office : 2F MRC Building, Pineda Road, Brgy. San Pedro, Puerto Princesa City, Palawan 5300 Philippines • Phone +63(48) 716 1580
Website : www.dmdcpa.com.ph

Statement Required by Rule 68, Part I, Section 5,
Revised Securities Regulation Code (SRC)


To the Board of Directors and Stockholders of
FORUM PACIFIC, INC.
35th Floor, One Corporate Center
Doña Julia Vargas Ave., corner Meralco Avenue
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **Forum Pacific, Inc.** (the 'Company') as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated April 12, 2023. The supplementary information shown in *List of Supplementary Information* are presented for the purpose of filing with the Securities and Exchange Commission and are not required part of basic financial statements. Such information is the responsibility of management and has been subjected to auditing procedures applied in the audits of basic financial statements. In our opinion, the information has been prepared in accordance with Rule 68 of the Revised Securities Regulation Code.

DIAZ MURILLO DALUPAN AND COMPANY

Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until August 4, 2023
SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022 and
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By:


Richard Noel M. Ponce
Partner

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FORUM PACIFIC, INC.
List of Supplementary Information

Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68

- A. Financial Asset at Fair Value through Other Comprehensive Income (FVOCI)
- B. Amounts Receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)
- C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
- D. Long-Term Debt
- E. Indebtedness of Related Parties
- F. Guarantees of Securities of Other Issuers
- G. Capital Stock
- H. List of Top 20 Stockholders of Record

Other Required Information

Reconciliation of Retained Earnings Available for Dividend Declaration

FORUM PACIFIC, INC.
Schedule A. Financial Asset at Fair Value through Other Comprehensive Income (FVOCI)
December 31, 2022

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	Valued based on market quotation at end of reporting period	Income received and accrued
Financial assets at FVOCI				
Philippine Estates Corporation	50,196,553	₱ 18,823,708	₱ 18,823,708	₱ —
Forum Exploration, Inc.	62,500,000	53,211,573	—	—
Taguig Lake City Development Corporation	125,000	12,500,000	—	—
Total financial assets at FVOCI	112,821,553	₱ 84,535,281	₱ 18,823,708	₱ —
Cash in bank	—	276,000	276,000	158
		₱ 84,811,281	₱ 19,099,708	₱ 158

FORUM PACIFIC, INC.
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal
Stockholders (Other than Affiliates).
December 31, 2022

	Deductions					Ending Balance	
Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Not Current	Balance at end of period
The Wellex Group, Inc.	₱301,778,259	₱ 5,933,195	₱1,912,718	₱ –	₱ –	₱305,798,736	₱305,798,736
Forum Exploration, Inc.	171,631,076	–	–	–	–	171,631,076	171,631,076
Total	₱473,409,335	₱ 5,933,195	₱1,912,718	₱ –	₱ –	₱477,429,812	₱477,429,812

FORUM PACIFIC, INC.

**Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation
of Financial Statement
December 31, 2022**

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
--------------------------------------	--------------------------------------	-----------	----------------------	---------------------------	---------	----------------	--------------------------------

None

FORUM PACIFIC, INC.
Schedule D. Long Term Debt
December 31, 2022

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
---------------------------------------	--------------------------------	---	--

None

FORUM PACIFIC, INC.
Schedule E. Indebtedness to Affiliates and Related Parties (Long-Term Loans
from Related Companies)
December 31, 2022

Name of Affiliates	Balance at beginning of period	Balance at end of period
Forum Exploration Inc. Ltd.	₱ 4,228,951	₱ 4,623,316

FORUM PACIFIC, INC.
Schedule F. Guarantees of Securities of Other Issuers
December 31, 2022

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
--	---	---	---	---------------------

None

FORUM PACIFIC, INC.
Schedule G. Capital Stock
December 31, 2022

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 affiliates	Directors, officers and employees	Others
Common Stock	3,500,000,000	1,171,486,871	–	–	420,802	1,171,066,069

FORUM PACIFIC, INC.

Schedule H. List of Top 20 Stockholders of Record December 31, 2022

Name of Stockholders	Citizenship	Tax Identification No.	Amount Subscribed	Percentage to total Outstanding
International Polymer Corporation	Filipino	210-000-232-426	₱ 496,887,494	26.501
PCD Nominee Corporation	Filipino	004-774-849-000	430,735,374	22.973
The Wellex Group, Inc.	Filipino	004-740-001-000	376,950,000	20.104
E.F. Durkee & Associates, Inc.	Filipino	321-002-155-628	77,838,563	4.151
Intra-Invest Sec., Inc.	Filipino	000-162-545-000	48,159,000	2.568
Metropolitan Management Corporation	Filipino	470-002-151-280	30,000,000	1.600
Juanito C. Uy	Filipino	127-179-750-000	22,625,001	1.207
Pacrim Energy N.L.	Others	324-668-750-000	21,000,000	1.120
Sapphire Securities, Inc.	Filipino	000-511-869-000	19,433,500	1.036
Benito Ong and/or Zita Y. Ong	Filipino	268-192-032-000	18,000,000	0.960
Li Chih-Hui	Filipino	004-454-732-000	17,100,000	0.912
Nestor S. Mangio	Filipino	003-754-123-000	12,500,000	0.667
A & A Securities, Inc.	Filipino	000-103-110-000	11,911,320	0.635
Mark Securities Corporation	Filipino	000-544-789-000	10,772,800	0.575
Globalinks Sec. & Stocks, Inc.	Filipino	000-849-752-000	9,400,000	0.501
Belson Securities, Inc.	Filipino	000-154-219-000	9,200,000	0.491
Wealth Securities, Inc.	Filipino	000-330-678-000	8,240,000	0.439
PCD Nominnee Corp.	Others	004-774-849-000	7,920,050	0.422
Ruben M. Gan	Filipino	174-154-039-000	7,610,000	0.406
David Go Securities Corporation	Filipino	000-320-855-000	6,880,000	0.367
			<u>₱1,643,163,102</u>	

FORUM PACIFIC, INC.
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2022

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	P	—
Add: Net income actually earned/realized during the period		<u>—</u>
Net income during the period closed to Retained Earnings		—
Less: Non-actual/unrealized income net of tax		—
Equity in net income of associate/joint venture		—
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain		—
Fair value adjustment (M2M gains)		—
Fair value adjustment of Investment Property resulting to gain		—
Adjustment due to deviation from PFRS/GAAP-gain		—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		<u>—</u>
Sub-total		<u>—</u>
Add: Non-actual losses		—
Depreciation on revaluation increment (after tax)		—
Adjustment due to deviation from PFRS/GAAP – loss		<u>—</u>
Loss on fair value adjustment of investment property (after tax)		<u>—</u>
Net income actually earned during the period		P —
Add (Less):		
Dividend declarations during the period		—
Appropriations of Retained Earnings during the period		—
Reversals of appropriations		—
Effects of prior period adjustments		<u>—</u>
TOTAL RETAINED EARNINGS		<u>—</u>
END AVAILABLE FOR DIVIDEND		P —



Forum Pacific <forumpacificinc@gmail.com>

Forum Pacific Inc_SEC Form 17Q 2nd Qtr 2023_24July2023

MSRD COVID19 <msrd_covid19@sec.gov.ph>
To: Forum Pacific <forumpacificinc@gmail.com>
Cc: "Nikko V. Bacalso" <nvbacalso@sec.gov.ph>

Thu, Jul 27, 2023 at 4:25 PM

Gentlemen:

Acknowledging receipt of your email below with its attachments.

Thank you.

Regards,

MARKETS AND SECURITIES REGULATION DEPARTMENT
PHILIPPINE SECURITIES AND EXCHANGE COMMISSION
The SEC Headquarters, 7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City 1209

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----- Forwarded message -----

From: **Forum Pacific** <forumpacificinc@gmail.com>
Date: Mon, Jul 24, 2023 at 1:25 PM
Subject: Forum Pacific Inc_SEC Form 17Q 2nd Qtr 2023_24July2023
To: <ictdsubmission@sec.gov.ph>, <msrd_covid19@sec.gov.ph>
Cc: <gjflagman@sec.gov.ph>

[Quoted text hidden]

 **FPI SEC Form 17-Q 2023 Q2.pdf**
1310K



Forum Pacific <forumpacificinc@gmail.com>

Forum Pacific Inc_SEC Form 17Q 2nd Qtr 2023_24July2023

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
To: forumpacificinc@gmail.com

Mon, Jul 24, 2023 at 1:26 PM

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at <https://secexpress.ph/>. For further clarifications, please call (02) 8737-8888.

----- NOTICE TO COMPANIES -----

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15. BP-FCLC 20. S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through <https://efast.sec.gov.ph/user/login>.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at <https://efast.sec.gov.ph/user/login> :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – <https://apps010.sec.gov.ph/>

For your information and guidance.

Thank you.

Certification

I, Annabelle T. Abunda, Finance and Compliance Officer of Forum Pacific, Inc., with SEC registration number AS93000120 with principal office at 35th Flr. One Corporate Center, Doña Julia Vargas, cor. Meralco Ave., Ortigas Center, Pasig City, on oath state:

- 1) That on behalf of Forum Pacific, Inc., I have caused this Second (2nd) Quarterly Report SEC Form 17-Q 2023 to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company, Forum Pacific, Inc., will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereto set my hands this JUL 24 2023 day of _____, 2023.



Affiant

TIN: 205-231-659

SUBSCRIBED AND SWORN to before me this JUL 24 2023 day of _____, 2023.

FERDINAND B. AYAHAO

NOTARY PUBLIC

For Pasig City, Pateros and San Juan City

Appointment No. 106 (2022-2023) valid until 12/31/2023

MCLE Exemption No. 101-BG/005719 valid until 04/14/23

Roll No. 46377; IBP LRN 02429, OR 530846; 06/21/2001

TIN 123-011-785; PTR 0161600; 01/06/23; Pasig City

Unit 5, West Tower PSB, Exchange Road

Ortigas Center, Pasig City Tel. +632-86314090

PASIG CITY

JOC. NO. 434
PAGE NO. 89
BOOK NO. 143
SERIES OF 20 23

COVER SHEET

A S 9 3 0 0 0 1 2 0

SEC Registration No.

F O R U M P A C I F I C, I N C.

(Company's Full Name)

3 5 F F L O O R O N E C O R P O R A T E C E N T R E

D O Ñ A J U L I A V A R G A S A V E. C O R.

M E R A L C O A V E. O R T I G A S, P A S I G

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

Atty. Arsenio A. Alfiler, Jr.

Contact Person

(632) 706-7888

Contact Telephone No.

1 2

Fiscal Year

3 1

1 7 - Q

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles
Number/Section

Total Amount of Borrowings

860

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

2nd Quarter Report: FPI

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 11
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the Quarter Period ended **June 30, 2023**
2. SEC Identification Number **AS93000120**
3. BIR Tax Identification No. **002-155-598-000**
4. **FORUM PACIFIC, INC.**
Exact name of registrant as specified in its charter
5. **Metro Manila, Philippines**
(Province, country or other jurisdiction of incorporation or organization)
6. (SEC Use only)
Industry Classification Code
7. **35/F One Corporate Centre, Doña Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig**
Address of principal office
8. **Telephone No. 8706-7888**
Registrant's telephone number, including area code
9. **NOT APPLICABLE**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA:

<u>Title of Each Class</u>	<u>No. of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Shares – ₱1.00 par value	Issued – ₱1,838,943,246 (Partially paid subscription – ₱1,148,264,079)
Outstanding Debt	₱ 6,333,271

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

Yes [x] No. []

12. Check whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

13. The aggregate market value of the voting stock held by non-affiliates: ₱197,760,456

14. Not Applicable

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

See Annex A.1 to A.5 and the accompanying notes to financial statements.

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

□ Unaudited Income Statements

	April – June 2023	April – June 2022	January – June 2023	January – June 2022
Revenues	₱-	₱-	₱-	₱-
Less: Costs and Expenses	375,189	391,890	943,397	948,806
Loss from Operation	(375,189)	(391,890)	(943,397)	(948,806)
Add: Other Income/(Expenses)	(122,080)	(299,418)	(86,284)	(468,110)
Loss before Income Tax	(497,269)	(691,308)	(1,029,681)	(1,416,916)
Income Tax Expense	-	-	-	-
Net Loss for the quarter	(497,269)	(691,308)	(1,029,681)	(1,416,916)
Loss per share	(₱0.0004)	(₱0.0006)	(₱0.0009)	(₱0.0012)

□ Unaudited Balance Sheets

	As of June 30, 2023	As of June 30, 2022	As of December 31, 2022
Assets	₱337,712,093	₱335,728,215	₱341,311,892
Liabilities	6,333,271	5,378,011	6,895,527
Stockholders' Equity	331,378,822	330,350,204	334,416,365
Total Liabilities & Stockholders' Equity	₱337,712,093	₱335,728,215	₱341,311,892

Interim quarter ended June 30, 2023 compared with quarter ended June 30, 2022

RESULTS OF OPERATION

Revenues and Loss per share

Since the Company is exploring business opportunities given the volatile situation of metal and oil prices in the global market, the Company has no revenues for the 2nd quarter of 2023 and 2022.

The Company incurred losses of ₱0.5 million and ₱0.7 million for quarters ended June 30, 2023 and 2022, respectively. Loss per share for the 2nd quarter of 2023 and 2022 were ₱0.0004 and ₱0.0006, respectively. In line with the plan for the next twelve months, the Board continue to explore business opportunities to aspire for maximized potential earnings.

Costs and Expenses

Costs and expenses for the 2nd Quarter consisted primarily of dues and subscriptions, professional fees, rental, storage, taxes and licenses, transportation and miscellaneous.

Costs and expenses recorded for the 2nd quarter of 2023 and 2022 were ₱375,189 and ₱391,890, respectively. Decreased of ₱16,701 or 4.26% in the quarter ended June 30, 2023 versus June 30, 2022 was mainly due to the net effect of decrease in donations by ₱26,756, taxes and licenses by ₱21,037, meals by ₱4,942 and transportation expense by ₱4,380 and increase in dues and subscription by ₱1,850, fee of stock transfer agent by ₱15,000, representation expense by ₱6,000 and miscellaneous expense by ₱17,564.

The Company has incurred other expenses/(income) amounting to ₱122,080 and ₱299,418 in the 2nd Quarter of 2023 and 2022, respectively. Decrease was due to lower unrealized forex loss recognized in 2023 as compared in 2022.

FINANCIAL CONDITION

Current Assets

Current assets consist of cash in bank, input tax and other current assets. Cash in bank carries interest at respective bank deposit rate. On July 19, 2012, the Board of Directors approved the opening of a deposit account with Banco De Oro to facilitate the collection and disbursement processes of the Company. Input tax is stated at face value less provision for impairment, if any. Allowance for unrecoverable input tax, if any, is maintained by the Company at a level considered adequate to provide potential uncollectible portion of the claims. The Company, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

Balance of cash in bank as of June 30, 2023 and 2022 were ₱291,514 and ₱268,351, respectively. The Company provided full valuation on its input tax as of June 30, 2023 amounting to ₱2,753,189.

Non-Current Assets

Related Party Transaction Account

The Company, in the normal course of business, has transactions with related parties. Such transactions are unsecured, non-interest bearing and with no definite terms of repayment period. The Company did not provide nor received any guarantee on its transaction with related parties. All outstanding balances are to be settled through cash or offsetting arrangement.

Related Parties	Relationship	Outstanding Balance	
		June 30, 2023	June 30, 2022
The Wellex Group, Inc.	Common key management	₱142,985,901	₱138,955,480
Forum Exploration, Inc.	Common key management	111,631,076	111,631,076
Forum Exploration, Ltd.	Common key management	(4,590,728)	(4,558,236)

A. Advances to The Wellex Group, Inc. (TWGI)

On December 16, 2020, TWGI issued a new promissory note amounting to ₱296,659,777 in favor of the Company. The term of the loan is five years maturing on December 15, 2025, bearing an interest of 2% per annum. Accrued interest receivable for this promissory note amounted to ₱13,537,574 and ₱6,180,411 as at June 30, 2023 and 2022, respectively.

To settle the outstanding advances, the Company entered into the following contracts with TWGI, which in return, amounts incurred will be applied to the outstanding advances:

The Company leases an office space in May 2014 from The Wellex Group, Inc. (TWGI) located at the 35th Floor One Corporate Centre, Doña Julia Vargas Ave. corner Meralco Ave., Ortigas Center, Pasig City. The lease is for a period of two years but renewable thereafter upon mutual agreement of both parties. The contract has been rented fifth time since then and is currently valid until April 30, 2024. Office space quarterly rental including storage room usage and utilities is ₱55,500, exclusive of VAT and withholding tax for both periods ended June 30, 2023 and 2022.

In April 2012, the Company has entered into a consultancy agreement with TWGI, whereby the latter will provide corporate planning and financial services on its various corporate functions and undertakings. The contract has been renewed fifth time since then and is currently valid until April 30, 2024. Total management fee charged to operations amounted to ₱120,000 for both periods ended June 30, 2023 and 2022.

The carrying amount of advances to TWGI as at June 30 as follows:

	2023	2022
Advances	₱304,191,285	₱300,160,863
Allowance for impairment loss	(161,205,384)	(161,205,384)
Net carrying amount	₱142,985,901	₱138,955,480

The Company originally provides allowance for impairment amounting to ₱161,205,384 and ₱161,205,384 as at June 30, 2023 and 2022, respectively, on advances to TWGI prior to agreements entered to settle the outstanding advances. Allowance for impairment will be reversed once the unimpaired portion of advances is substantially collected and upon assessment by the management on the continuity of the existing agreements.

B. Advances to Forum Exploration Inc. (FEI)

Advances to FEI pertain to the carrying value of exploration net assets transferred by the Company. No transaction in the account balance was recognized for the quarters ended June 30, 2023 and 2022.

FEI, a 33.33% owned entity of FPI is a legal and beneficial owner of 100% interest in Service Contract (SC 40), an upstream oil and gas contract area in the Philippines, entered into with the Philippine Government through the Department of Energy (DOE). Annual gas production from field on SC 40 totaled 41.09 million standard cubic feet (MMSCF) and 78.66 MMSCF since the start of production in 2012.

In SC 40 (Northern Cebu), which FEL operates through its 66.67% subsidiary, Forum Exploration, Inc. ("FEI"), conducted a land gravity survey over Libertad and Dalingding areas in Bogo City and Daanbantayan Municipality, respectively. The gravity survey aimed to further delineate the carbonate bodies detected in the said areas by the initial 3D gravity modelling exercise.

In June 2022, FEI contracted a drilling consultant to prepare drilling programs and budgets for two wells, one of which will be located in the Dalingding Prospect, a reef structure defined by seismic with the Late Miocene to Pliocene-age Barili Limestone as the primary target. A well, Dalingding-1, drilled this structure in 1996 and was plugged and abandoned as a dry hole with minor gas shows after reaching a total depth of 1,508 ft. FEI's recent re-evaluation of the prospect had concluded that Dalingding-1, did not reach the Barili target, which is currently estimated at 480ft, below the well's final depth. FEI Proposes drilling Dalingding-2 down to 4,000 ft to reach the Baril Limestone and secondary targets underneath.

On December 16, 2022, FEI submitted the SC 40 WP&B for 2023 with a firm program consisting of an Independent Technical Evaluation of the Maya and Dalingding Prospects to be carried out in the second quarter of 2023. This was approved by the DOE on February 15, 2023. The evaluation started shortly thereafter and is going as of end of second quarter of 2023.

The Company has outstanding advances to FEI pertaining to the value of exploration assets transferred by the Company as follows:

	2023	2022
Advances	₱171,631,076	₱171,631,076
Allowance for impairment loss	(60,000,000)	(60,000,000)
Net carrying amount	₱111,631,076	₱111,631,076

The Company remains positive on FEI's success on its exploration and future development work in providing the viability of its oil properties to produce oil in commercial quantities.

As at June 30, 2023 and 2022, FEI has not yet returned the value of the exploration assets that the Company transferred.

C. Advances from Forum GSEC 101 Ltd. (Forum Exploration, Inc., Ltd.)

The Company received USD denominated cash advances from Forum (FEI), Ltd. amounted to \$82,922 with no definite terms of payment. Outstanding balance as at June 30, 2023 and 2022 amounted to ₱4,590,728 and ₱4,558,236, respectively.

Financial Assets at FVOCI (net)

Financial Assets at FVOCI as at June 30 consist of:

	2023	2022
Unquoted shares		
Cost	₱85,711,574	₱85,711,574
Impairment loss	(20,000,000)	(20,000,000)
	65,711,574	65,711,574
Quoted shares		
Cost	7,529,480	7,529,480
Net unrealized fair value gain	9,286,365	11,545,210
	16,815,845	19,074,690
	₱82,527,419	₱84,786,264

Investment in unquoted shares of stock represents ownership of the Company in Forum Exploration, Inc. (FEI) and Taguig Lake City Development Corporation (TLCDC). These investments are classified as financial assets at FVOCI as the Company does not participate in the financial and operating policy of the investee which manifests control, joint control or significant influence. The Company believes that the carrying amount of these quoted shares of stock approximates fair value.

Investment in quoted shares of stock represents ownership investment in Philippine Estates Corporation (PHES), a publicly listed Company. The fair value of these shares has been determined directly by reference to published prices in the active market

The Company's financial assets at FVOCI as at June 30, 2023 and 2022 are not held as collateral for its financial liabilities.

Right-Of-Use Asset (net)

Right-of-use asset are the asset that represents lessee's right to use an asset over the lease term. The carrying amount of right-of-use is ₱190,052 and ₱38,380 as of June 30, 2023 and 2022, respectively or a decrease by ₱151,672 or 395.18%.

The recognition of right-of-use asset has a corresponding lease liability. The present value of the lease liability – current amounted to ₱143,349 and ₱41,806 in June 30, 2023 and 2022, respectively, with an increase of ₱101,543 or 242.89% and lease liability – noncurrent amounting to ₱48,323 and nil in June 30, 2023 and 2022, respectively.

Based in the impairment review of the Company's right-of-use asset, the Company believes that there is no indication of impairment on its right-of-use asset as at June 30, 2023 and 2022.

Remuneration to key management personnel

With the Company's tight cash position, management decided to suspend any form of compensation given to key management personnel for the periods ended June 30, 2023 and 2022.

Others

The administrative function of the Company is performed by its related party, TWGI.

Current liabilities

This is primarily consisting of accounts payable and other current liabilities (including payable for retainer fees of legal counsels and stock transfer agent, quarterly website maintenance, accrued expenses, withholding taxes payable and deferred output VAT, lease liability – current and income tax payable. Total outstanding balance as at June 30, 2023 and 2022 amounted to ₱1,646,707 and ₱810,180, respectively or an increase by ₱836,527 or 103.25%. This is mainly due to increase in accounts payable and other current liabilities including deferred output vat on interest receivable by ₱734,984 and increase in current lease liability by ₱101,543.

The Top five (5) Key Performance Indicators are:

1. Advances to Related Parties – currently, TWGI is funding all operational expenses of the Company.
2. Current Ratios – current assets against the current liabilities of the Company. It measures the Company's ability to pay short-term obligations. Current Ratio for the 2nd quarter of 2023 and 2022 are 20.02% and 37.84%, respectively.
3. Cash Ratio – the most conservative liquidity ratio. It excludes all current assets except the most liquid – cash and cash equivalents. It measures the amount of cash and cash equivalents there are in the current assets to cover current liabilities. The cash ratio of the company for the 2nd quarter of 2023 and 2022 are 17.70% and 33.12%, respectively.
4. Debt ratio - it is one of the financial leverage ratios which measure the extent to which the firm is using long term debt. Formula is total debt divided by total assets. Debt ratio for the 2nd quarter of 2023 and 2022 are 1.88% and 1.60%, respectively.
5. Debt-to-equity ratio - The formula is total debt divided by total equity. It indicates what proportion of equity and debt that the Company is using to finance its assets. The debt to equity ratio for the 2nd quarter of 2023 and 2022 are 1.91% and 1.63%, respectively.

(i) Summary of Material Trends, Events and Uncertainties

The shares of Forum Pacific, Inc. are listed and traded in Philippine Stock Exchange (PSE). The company was registered to engage in investing, purchasing and acquiring assets of any kind and description with the secondary purpose of engaging in the exploration, development and production of petroleum and related products, as well as other mineral and chemical substances. It is presently a holding company and owning shares of stocks of an exploration company.

Business Plans

To address the foregoing matters that may raise doubt on the Company's ability to continue as a going concern, the shareholders of the Company have committed in principle to provide full financial support to the Company in order to sustain its operations, meet the working capital requirements and settle obligations as they fall due.

The Company has been reviewing outstanding receivables and advances to affiliates and has designed collection programs to improve the Company's financial status. The board continues to evaluate calling for the remaining stock subscription as source of funds for future projects, with the aim of utilizing this process as a tool to fund capital intensive endeavors. The officers and major stockholders of the Company have committed to provide full financial support to the Company once its projects will materialize and a definite project is in place. The Company estimates that it will satisfy its capital funding within two (2) years from the finalization and approval of such business project plans.

With the Company's experience in the participation in the Department of Energy's (DOE) 4th Philippine Energy Contracting Round (PECR 4) last April 2012, evaluation of which focuses on the Company's financial and technical qualifications, the Company will prioritize the improvement of its financial position and exploring new business opportunities in oil and gas exploration and extraction, order to maintain strong and healthy cash flows, and at the same time, aspiring for maximized potential earnings. The prospects are especially bright given the current administration's cautious but open thrust for mutual cooperation with China in dealing with contentious geo-political issues in the West Philippine Sea.

The management is still evaluating potential buyers who expressed interest to buy out the Company's remaining 33.33% capital stock investment in Forum Exploration, Inc. (FEI), a subsidiary of Pangilinan-led Forum Energy Plc and the project operator for Libertad Gas Field or Service Contract (SC40). Talks, however, with the three (3) interested groups are still on hold at the moment, pending clarification of several commercial issues.

Since the Company is affiliated with group of mining companies, projects in the mining sector are being re-evaluated at the moment. Despite the stringent evaluations being conducted by the Department of Environment and Natural Resources (DENR) for new mining applications, the government has also

indicated that a revival of the industry is forthcoming, especially as a means to address the economic slowdown caused by the pandemic.

Business Focus for the Coming Year

The investment made during 2017 in Taguig Lake City Development Corporation, a corporation engaged in the real estate industry, is starting to show some results, now that the Laguna Lake Development Authority has responded positively to this Company's proposals to rehabilitate the Laguna de Bay. The Company will support the progress of Taguig Lake City Development Corporation in this regard.

The Company will further scan for business target projects, and welcome other business opportunities from different industries apart from oil and gas and mineral exploration. As mentioned above, the management is currently discussing on how the Company will proceed with its remaining 33.33% capital stock investment in Forum Exploration, Inc., specifically whether to sell its interest or enter into partnership with potential buyers.

On the one hand, given the growing requirements for power, the Company is actively looking into the traditional energy business, concentrating on cheap and consistent coal power for the country's base loads. Demand and supply studies, as well as site feasibility analysis and the selection of green and clean coal technologies are being conducted by select engineering advisers of the Company.

On the other hand, the Company is also considering investing into potential renewable energy sources like solar power, ethane, biofuels, hydro, wind and geothermal energy. The management is also conducting research and feasibility studies on these renewable projects, albeit utilizing more stringent investment hurdles, given that renewable energy projects produce power at higher pricing levels as compared to traditional energy sources.

With the waning threat of the COVID-19 pandemic, the company is hopeful that the business environment will start to grow over the coming year, now that the regional travel has opened up and various foreign investor groups are visiting the Philippines with a renewed favor.

The Company's management believes that such financial support and the discussed management plans are sufficient to provide the Company the ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

(ii) Events that will Trigger Direct or Contingent Financial Obligation

Since the Forum Pacific, Inc. are still looking a strategic partner to enhance the development of the Company specially in exploration business, the Company have no events that will trigger direct or contingent financial obligation that is material to Forum Pacific, Inc. including any default or acceleration of an obligation.

(iii) Material Off-Balance Sheet Transactions, Arrangements, Obligations

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of Forum Pacific, Inc. with unconsolidated entities or other persons created during the reporting period.

(iv) Any Known Trends, Events of Uncertainties (Material Impact on Liquidity)

The Company is mainly exposed to liquidity risk through its maturing liabilities. The Company has a policy of regularly monitoring its cash position to ensure that maturing liabilities will be adequately met.

The Company manages liquidity risk through continuous collection of advances to related parties which is considered as cash inflow to finance its operation. The Company continuously monitoring forecast and actual cash flows and matching the maturity profiles of liabilities.

The details of the maturity analysis of the Company's liabilities are as follows:

June 30, 2023	Total	On demand	Less than 3 months	3-12 months	1-5 years
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Advances from related parties	₱4,590,728	₱-	₱-	₱-	₱4,590,728
Lease Liability	143,349	-	-	143,349	-
Accounts payable and other Liabilities*	40,600	-	-	40,600	-
	₱4,774,677	₱-	₱-	₱183,949	₱4,590,728

*excluding government liabilities

June 30, 2022	Total	On demand	Less than 3 months	3-12 months	1-5 years
Advances from related parties	₱4,558,236	₱-	₱-	₱-	₱4,558,236
Lease Liability	41,806	-	-	41,806	-
Accounts payable and other Liabilities*	18,100	-	-	18,100	-
	₱4,618,142	₱-	₱-	₱59,906	₱4,558,236

*excluding government liabilities

(v) Significant Element of Income or Loss That Did Not Arise from Continuing Operation

PFRS 16, Leases. This new standard introduces a single lessee accounting model to be applied to all leases, whilst substantially carries forward the lessor accounting requirements in PAS 17 *Leases*. Lessees recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments for all leases with a term of more than twelve (12) months, unless the underlying asset is of low value. Whereas, lessors continue to classify leases as operating leases or finance leases, and to account for those two types of leases differently. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply PFRS 15 at or before the date of initial application of PFRS 16.

The Company adopted PFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on deficit as at January 1, 2019, without restatement of comparative figures.

PFRS 9, Financial Instruments (2014). PFRS 9, Financial Instruments replaces PAS 39 Financial Instruments' Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The standard requires all recognized financial assets that are within the scope of PAS 39 to be subsequently measured at amortized cost or at fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely for payments of principal and interest on the outstanding balance are generally measured at amortized cost at the end of subsequent reporting periods. All other debts investments and equity investments are measured at their fair values at the end of subsequent reporting periods. For financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income would create or increase an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

The Company has adopted the PFRS 9 *Financial Instruments* from January 1, 2018 and resulted in changes in accounting policies and adjusted amounts recognized in the financial statements. The comparative figures have been restated to comply with the transitional provisions in PFRS 9.

On December 16, 2020, TWGI issued a new promissory note amounting to ₱296,659,777 which superseded the previous promissory note. The term of the loan is five years maturing on December 15, 2025, bearing an interest of 2% per annum. Accrued interest receivable for this promissory note amounted to ₱13,537,574 and ₱6,180,411 as at June 30, 2023 and 2022, respectively.

(vi) Material Changes on Line Items in Financial Statements

Material changes on line items in financial statements are presented under the captions "Financial Condition" and "Results of Operation" above, and see attached Notes to Financial Statements.

(vii) Effect of Seasonal Changes in the Financial Condition or Results of Operations

The financial condition or results of operations is not affected by any seasonal change.

PART II - OTHER INFORMATION

Market Information

The principal market of Forum Pacific, Inc. common equity is the Philippine Stock Exchange, Inc. (PSE) where it was listed on December 19, 1994. The high and low sales prices by quarter for the last 3 years are as follows:

		High	Low
2023	First Quarter	0.250	0.230
	Second Quarter	0.270	0.205
2022	First Quarter	0.290	0.206
	Second Quarter	0.208	0.206
	Third Quarter	0.270	0.204
	Fourth Quarter	0.230	0.230
2021	First Quarter	0.330	0.206
	Second Quarter	0.320	0.241
	Third Quarter	0.340	0.275
	Fourth Quarter	0.325	0.270
2020	First Quarter	0.275	0.180
	Second Quarter	0.200	0.152
	Third Quarter	0.210	0.160
	Fourth Quarter	0.242	0.175

The high, low and close market price is ₱0.270, ₱0.203 and ₱0.206 per share as of July 24, 2023, respectively.

Holders

The number of shareholders of record as of June 30, 2023 was 860. Common shares issued and subscribed were 1,838,943,246.

List of Top 20 Stockholders June 30, 2023

	NAME	NO. OF SHARES HELD	% TO TOTAL
1	INTERNATIONAL POLYMER CORPORATION	496,887,494	26.501
2	PCD NOMINEE CORPORATION	430,735,374	22.973
3	THE WELLEX GROUP, INC.	376,950,000	20.104
4	E.F. DURKEE & ASSOCIATES, INC.	77,838,563	4.151
5	INTRA-INVEST SEC., INC.	48,159,000	2.568
6	METROPOLITAN MANAGEMENT CORPORATION	30,000,000	1.600
7	JUANITO C. UY	22,625,001	1.207
8	PACRIM ENERGY N.L.	21,000,000	1.120
9	SAPPHIRE SECURITIES INC.	19,433,500	1.036
10	BENITO ONG AND/OR ZITA Y. ONG	18,000,000	0.960
11	LI CHIH-HUI	17,100,000	0.912
12	NESTOR S. MANGIO	12,500,000	0.667
13	A & A SECURITIES, INC.	11,911,320	0.635
14	MARK SECURITIES CORPORATION	10,772,800	0.575
15	PCD NOMINEE CORP. (NON-FILIPINO)	10,470,050	0.558
16	GLOBALINKS SEC & STOCKS, INC. A/C # CWUSO001	9,400,000	0.501
17	BELSON SECURITIES, INC.	9,200,000	0.491
18	WEALTH SECURITIES, INC.	8,240,000	0.439
19	RUBEN M. GAN	7,610,000	0.406
20	DAVID GO SECURITIES CORPORATION	6,880,000	0.367

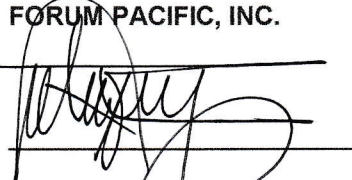
SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer

FORUM PACIFIC, INC.

Signature

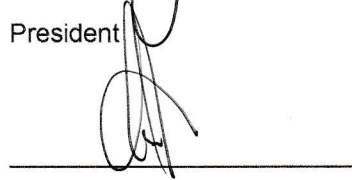


Elvira A. Ting

Title

President

Signature



Annabelle T. Abunda

Title

Finance and Compliance Officer

Date

July 24, 2023

FORUM PACIFIC, INC.
STATEMENTS OF FINANCIAL POSITION

Annex A.1

		Unaudited June 30, 2023	Unaudited June 30, 2022	Audited December 31, 2021
Current Assets				
Cash	5	₱291,514	₱268,351	₱276,000
Prepayments and other current assets	6	38,213	38,213	38,213
		329,727	306,564	314,213
Non-current Assets				
Advances to related parties – net	11	254,616,977	250,586,556	256,224,428
Financial asset at FVOCI	7	82,527,419	84,786,264	84,535,281
Right-of-Use Asset (net)	8	190,052	38,380	190,052
Deferred Tax Asset (net)		47,918	10,451	47,918
		337,382,365	335,421,651	340,997,679
TOTAL ASSETS		337,712,093	335,728,215	341,311,892
Current Liabilities				
Accounts payable and other current liabilities	9	1,503,358	768,374	1,817,955
Lease Liability		143,349	41,806	143,349
Income Tax Payable		–	–	215,071
		1,646,707	810,180	2,176,375
Non-current Liabilities				
Advances from related parties	11	4,590,728	4,558,236	4,623,316
Lease Liability (net of current portion)		48,323	-	48,323
Deferred Tax Liability		47,513	9,595	47,513
		4,686,564	4,567,831	4,719,152
TOTAL LIABILITIES		6,333,271	5,378,011	6,895,527
EQUITY				
Capital stock		1,207,543,621	1,207,543,621	1,207,543,621
Treasury shares		(36,056,750)	(36,056,750)	(36,056,750)
Unrealized fair value gain on financial assets at FVOCI		9,286,365	11,545,210	11,294,228
Deficit		(849,394,414)	(852,681,877)	(848,364,734)
TOTAL EQUITY		331,378,822	330,350,204	334,416,365
TOTAL LIABILITIES AND EQUITY		₱337,712,093	₱335,728,215	₱341,311,892

(The accompanying notes are integral part of these financial statements)

FORUM PACIFIC, INC.
STATEMENTS OF COMPREHENSIVE INCOME

Annex A.2

	Unaudited April-June 2023	Unaudited April-June 2022	Unaudited January – June 2023	Unaudited January – June 2022
Revenues	₱-	₱-	₱-	₱-
Costs and expenses (12)	375,189	391,890	943,397	948,806
Operating loss	(375,189)	(391,890)	(943,397)	(948,806)
Other income/(expenses)	(122,080)	(299,418)	(86,284)	(486,110)
NET LOSS FOR THE PERIOD	(497,269)	(691,308)	(1,029,681)	(1,416,916)
LOSS PER SHARE (15)	(₱0.0004)	(₱0.0006)	(₱0.0009)	(₱0.0012)

(The accompanying notes are integral part of these financial statements)

FORUM PACIFIC, INC.
STATEMENTS OF CHANGES IN EQUITY

Annex A.3

	Unaudited January - June 2023	Unaudited January-June 2022	Audited December 31, 2022
Capital stock	₱1,207,543,621	₱1,207,543,621	₱1,207,543,621
Treasury shares	(36,056,750)	(36,056,750)	(36,056,750)
Unrealized fair value gain on financial assets at FVOCI	9,286,365	11,545,210	11,294,228
Deficit - beginning	(848,364,734)	(851,264,961)	(851,264,961)
Net loss for the period	(1,029,681)	(1,416,916)	2,900,227
Deficit - ending	(849,394,414)	(852,681,877)	(848,364,734)
TOTAL STOCKHOLDERS' EQUITY	₱331,378,822	₱330,350,204	₱334,416,365

(The accompanying notes are an integral part of these financial statements)

FORUM PACIFIC, INC.
STATEMENTS OF CASH FLOWS

Annex A.4

		Unaudited January- June 2023	Unaudited January- June 2022	Audited December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (Loss) before tax		(P1,029,681)	(P1,416,916)	P3,115,749
Adjustments for:				
Provision for impairment of input tax	6	118,955	138,910	217,487
Depreciation	12	-	-	133,405
Finance Cost	11	-	-	14,789
Unrealized foreign exchange loss	11	(32,588)	329,284	394,365
Interest Income	5	(82)	(84)	(5,933,353)
Operating loss before working capital changes		(943,397)	(948,806)	(2,057,558)
Increase (Decrease) in prepayments and other current assets		(118,954)	(138,910)	(217,487)
Increase (Decrease) in accounts payable and other liabilities		(314,598)	(557,079)	551,834
Cash generated from (used in) operations		(1,376,948)	(1,644,795)	(1,723,211)
Income tax paid		(215,071)	-	(59,332)
Interest Received		82	84	158
Net cash used in operating activities		(1,591,937)	(1,644,711)	(1,782,385)
CASH FLOWS FROM INVESTING ACTIVITY				
Collection on advances of related parties	11	1,607,451	1,617,396	1,912,718
Net cash provided by investing activity		1,607,451	1,617,396	1,061,929
CASH FLOW FROM FINANCING ACTIVITY				
Payment of lease liability		-	-	(150,000)
Finance cost paid		-	-	-
Net cash used in financing activity		-	-	(150,000)
NET INCREASE (DECREASE) IN CASH CASH		15,515	(27,316)	(19,667)
At beginning of year	5	276,000	295,667	295,667
At end of quarter		P291,514	P268,351	P276,000

(The accompanying notes are an integral part of these financial statements)

FORUM PACIFIC, INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
June 30, 2023

1. CORPORATE INFORMATION

Forum Pacific, Inc. (the “Company”), formerly known as Cophil Exploration, Inc., was incorporated in the Philippines and was registered with the Securities and Exchange Commission (SEC) on January 8, 1993 primarily to engage in investing, purchasing and acquiring assets of any kind and description with the secondary purpose of engaging in the exploration, development and production of petroleum and related products as well as other mineral and chemical substance.

The Company’s shares are listed and traded in the Philippine Stock Exchange (PSE). Its registered office address is located at 35th Floor, One Corporate Centre, Doña Julia Vargas Avenue corner Meralco Avenue, Ortigas Center, Pasig City.

2. MANAGEMENT ASSESSMENT OF GOING CONCERN ASSUMPTION AND BUSINESS PLANS

Management’s Assessment of the Going Concern Assumption

The nature of the Company’s operations requires it to spend significant amount of funds to support exploration programs and operating expenses for it to operate profitably in the future. The Company incurred losses amounting to ₱1,029,681 and ₱1,416,916 on June 30, 2023 and 2022, respectively. The Company had accumulated a deficit of ₱849,394,414 and ₱852,681,877 as at June 30, 2023 and 2022 respectively.

To continue as going concern, the officers and major stockholders of the Company has committed to provide full financial support to the Company to sustain its operations, meet the working capital requirements and settle obligations as they fall due.

Business Plans

The COVID-19 pandemic and the ensuing home quarantine has triggered an economic slowdown for the country. Despite the curtailment of worldwide travel and the hesitancy of global investors to venture into new projects, the company is hopeful that the business environment will recover over the coming year, now that the vaccination efforts of the government are bearing fruit. For 2022, the Company plans to undertake the following:

- The investment made during 2017 in Taguig Lake City Development Corporation (TLCDC), a corporation engaged in the real estate industry, is starting to show some results, now that the Laguna Lake Development Authority has responded positively to the Company’s proposals to rehabilitate the Laguna de Bay. The Company will continue to support the progress of TLCDC in this regard.
- Further scan for business target projects, and welcome other business opportunities from different industries apart from oil and gas and mineral exploration.
- Evaluate potential buyers to buy out investment with Forum Exploration Inc. or enter into partnership with potential buyers
- Actively looking into the traditional energy business, concentrating on cheap and consistent coal power for the country’s base loads.
- Consider investing into potential renewable energy sources like solar power, biofuels, hydro, wind and geothermal energy.
- Continue research on mines mine with potential mineral deposits using affiliated Group’s geologists and engineers.
- Evaluate advances to affiliates and design collection program to improve the Company’s financial status. As at June 30, 2023 and 2022, the Company has existing contracts with TWGI to collect outstanding advances (Note 11).
- Evaluate calling for the remaining stock subscription as source of fund for future projects. The Company has outstanding ₱667,456,379 subscription receivable (Note 10).

The Company's management believes that the financial support and its business plans are sufficient to provide the Company the ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of Compliance

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

Basis of Preparation

The financial statements have been prepared on a historical cost basis, except for the Company's financial assets at FVOCI, which are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique.

Functional and Presentation Currency

The financial statements are presented in Philippine peso (₱), the Company's functional currency. All amounts are rounded to the nearest peso except when otherwise indicated.

Current and Non-Current Classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and deferred tax liability are classified as non-current assets and non-current liabilities, respectively.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial years except for the following new and amended PFRS that are mandatorily effective for annual periods beginning on or after January 1, 2022.

Property, Plant and Equipment before Intended Use (Amendments to PAS 16). The amendments to PAS 16, Property, Plant and Equipment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The amendments are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Company.

Reference to the Conceptual Framework (Amendments to PFRS 3). Minor amendments were made to PFRS 3, Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets and Philippine Interpretation IFRIC 21, Levies. The amendments also confirm that contingent assets should not be recognized at the acquisition date. The amendments are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Company.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to PAS 37). The amendment to PAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. The amendments are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Company.

Annual Improvements to PFRS Standards 2018–2020

- *PFRS 9, Financial Instruments* – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- *PFRS 16, Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

The annual improvements are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Company.

New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to January 1, 2022

Standards issued but not yet effective up to the date of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1). The narrow-scope amendments to PAS 1, Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The amendments are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted.

Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2). The narrow-scope amendments PAS 1, Presentation of Financial Statements require entities to disclose material accounting policy information instead of significant accounting policies. The amendments also clarify the following: (1) accounting policy information may be material because of its nature, even if the related amounts are immaterial; (2) accounting policy is material if users of an entity's financial statements would need it to understand other material information in the statements; and (3) if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. Further, the amendments provide several paragraphs to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1. The amendments are applied prospectively. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted. Once the entity applies the amendments to PAS 1, it is also permitted to apply the amendments to PFRS Practice Statement 2.

Definition of Accounting Estimates (Amendments to PAS 8). The amendments to PAS 8, Accounting Policies, changes focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Deferred Tax Related to Assets and Liabilities arising from Single Transaction (Amendments to PAS 12). The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary difference arise on initial recognition. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Lease Liability in a Sale and Leaseback (Amendments to PFRS 16). The amendment clarifies the how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments to PFRS 16 specifies that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Noncurrent Liabilities with Covenants (Amendments to PAS 1). The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of liability. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as either current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for annual periods beginning on or after January 1, 2024.

Deferred Effectivity

PFRS 10, Consolidated Financial Statements and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments). The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. On January 13, 2016, the FRSC deferred the original effective date of April 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Company has not early adopted the previously mentioned new, amended and improved accounting standards and interpretations. The Company continues to assess the impact of the above new, amended and improved accounting standards and interpretations that are effective subsequent to January 1, 2022 on its financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

Determination of Fair Value and Fair Value Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the 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 non-financial 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 valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value measurement disclosures of financial and non-financial assets are presented in Note 18 to the financial statements.

“Day 1” difference

When 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 the statements of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statements of comprehensive income 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 amount.

Financial Instruments

Initial recognition, measurement and classification

The Company recognizes financial assets and financial liabilities in the statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments includes transaction costs, except for those financial assets and liabilities at fair value through profit or loss (FVPL) where the transaction costs are charged to expenses in the period incurred.

The Company classifies its financial assets as subsequently measured at amortized cost, FVOCI and FVPL. The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing the financial assets. The Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company classifies its financial liabilities as subsequently measured at amortized cost using the effective interest method.

Financial assets at amortized cost

Financial assets are measured at amortized when 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 measurement, financial assets at amortized cost are subsequently measured using the effective interest method less allowance for impairment. Gains and losses are recognized in the statements of comprehensive income when the financial assets at amortized cost are derecognized, modified or impaired. These financial assets are included in current assets if maturity is within twelve (12) months from the end of reporting period. Otherwise, these are classified as noncurrent assets.

As at June 30, 2023 and 2022, included under financial assets at amortized cost are the Company's cash and advances to related parties (see Notes 5 and 11).

Cash

The Company's cash represents cash in bank that are not legally restricted for use, which carries interest at respective bank deposit rate.

Advances to related parties

Advances to related parties represent promissory notes from TWGI and Forum Exploration Inc. (FEI) which represents cash advance for working capital and value of exploration of assets transferred to the Company.

Equity instruments designated at FVOCI

Upon initial recognition, the Company may make an irrevocable election to present in other comprehensive income changes in the fair value of an equity investment that is not held for trading. The classification is determined on an instrument-by-instrument basis. When the equity instrument is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss, but is transferred to retained earnings. Dividends on such investments are recognized in profit or loss when the right of payment has been established, except when the dividends represent a recovery of part of the cost of the investment, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment. These financial assets are classified as noncurrent assets.

As at June 30, 2023 and 2022, the Company elected to classify irrevocably its quoted and unquoted equity investments under this category (see Note 7).

Financial liabilities at amortized cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated at FVPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

As at June 30, 2023 and 2022, included in financial liabilities at amortized cost are the Company's accounts payable and other liabilities (excluding government liabilities), lease liability and advances from a related party (see Notes 9 and 11).

Accounts payable and other liabilities

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other current liabilities include non-trade payables, accrued expenses and due to government agencies. Accounts payable and other liabilities are classified as current liabilities if payment is due within one year or less or in the normal operating cycle of the business if longer while non-trade payables are classified as current liabilities if payment is due within one year or less. Otherwise, these are presented as noncurrent liabilities.

Lease liability

Lease liability represents the Company's obligation to make lease payments for all leases with a term of more than 12 months, unless the underlying asset is of low value is effectively treated as a financial liability which is measured at amortized cost, using the incremental borrowing rate of the Company.

Advances from a related party

Represents cash advances from a related party for working capital requirements.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derecognition of Financial Instruments

Financial assets

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

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

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

Financial liabilities

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses (ECL) for all debt instruments that are measured at amortized cost. ECL is a probability-weighted estimate of credit losses over the expected life of the financial asset.

Credit losses are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company assesses at each end of the reporting period whether the credit risk on a financial asset has increased significantly since initial recognition. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to the lifetime ECL. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to 12-month ECL. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting period.

For advances to related parties, the Company applies a general approach in calculating ECL. The Company recognizes a loss allowance using the management's adopted policy on ECL at the end of each reporting period. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including time value of money where appropriate.

When the credit risk on financial instruments for which lifetime ECL have been recognized subsequently improves, and the requirement for recognizing lifetime ECL is no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting period, except for assets for which simplified approach was used.

The Company recognizes impairment loss (reversals) in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset in the statements of financial position.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the end of reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are one day past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of reporting period. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of investment grade in accordance with the globally understood definition or if an external rating is not

available, the asset has an internal rating of performing. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

When the credit risk on financial instruments for which lifetime ECL have been recognized subsequently improves, and the requirement for recognizing lifetime ECL is no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting period, except for assets for which simplified approach was used.

The Company recognizes impairment loss (reversals) in statements of comprehensive income for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset in the statements of financial position.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Parent Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than one year past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables and contract assets, when the amounts are over five years past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Input Tax

Input tax pertains to indirect tax paid by the Company on its local purchase of goods and services from a value-added tax (VAT)-registered person. Input tax is deducted against output tax in arriving at the VAT due and payable.

The Company's input tax is initially recognized at face value and subsequently measured at face value less provision for impairment, if any. Allowance for unrecoverable input tax, if any, are maintained by the Company at a level considered adequate to provide for potential uncollectible portion of the claims. The Company, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment loss.

Right-of-use Asset

Right-of-use asset represents lessee's right to use an asset over the lease term.

The Company recognizes right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is initially measured at cost which includes the amount of lease liability recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use asset is subsequently measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability.

Right-of-use asset is depreciated on a straight-line basis over the lease term of two years which is shorter than its estimated useful life.

When right-of-use are retired or otherwise disposed of, the cost and the related accumulated depreciation and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that any of its assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Retirement Benefits

The Company does not provide any retirement benefits because it does not have any employee. The Company's administrative functions are performed by TWGI.

Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred income tax is determined using tax rates and laws, in the period the temporary difference is expected to be recovered or settled, that have been enacted or substantively enacted as at reporting period.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each reporting date the Company reassesses the need to recognize previously unrecognized deferred income tax asset.

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

The Company reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax asset against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company elects to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value

assets. The lease payments associated with these leases is recognized as an expense on a straightline basis over the lease term.

Related Parties and Related Party Transactions

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

Related party relationship exists when: (a) a person or a close member of that person's family has control or joint control, has significant influence or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity; and (b) when any of the following conditions apply: (i) the entity and the Company are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party; (v) the entity is a post-employment benefit plan for the benefit of employees of the Company; (vi) the entity is controlled or jointly controlled by a person as identified in (a) above; (vii) the entity or any member of a group of which it is part, provides key management personnel services to the Company or to the parent of the Company; (viii) a person identified in (a) above has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.

In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely the legal form.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are measured (initial and subsequent) at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and time value of money is material, the initial measurement is on a present value basis.

Capital stock represents the par value of shares that have been issued at the end of the reporting period.

Subscribed capital stock represents the par value of the subscribed shares.

Subscription receivables represent par value of the shares subscribed but the Company has not yet received the payments from the subscriber.

Treasury shares represent own equity instruments reacquired, the amount of the consideration paid, including directly attributable cost, net of any tax effects, is recognized as a reduction from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as Additional paid-in capital. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them respectively.

When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to Additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Unrealized fair value gain on financial assets at FVOCI represents accumulated gains from increase in the market value of financial assets at FVOCI.

Deficit includes all current and prior period accumulated losses as disclosed in the statements of comprehensive income.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the

consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Interest income is recognized as it accrues (using the effective interest method i.e., the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Cost and Expense Recognition

Cost and expenses are recognized in statements of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in statements of comprehensive income: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statements of comprehensive income are presented using the nature of expense method.

Foreign Currency Denominated Transactions

Foreign currency transactions are initially recognized by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in terms of historical cost are translated using the foreign exchange rate at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Basic Income (Loss) Per Share

Basic income (loss) per share is calculated by dividing the income (loss) by the weighted average number of common shares issued during the year, excluding common shares purchased by the Company and held as treasury shares.

Provisions and Contingencies

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 with the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, an increase in the provision due to the passage of time is recognized as an interest expense. When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursement.

Contingent liabilities are not recognized in the 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 financial statements, but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

Events after the Reporting Date

The Company identifies post-year events that occurred after the reporting date but before the date when the Company financial statements were authorized for issue. Post year-end events that provide additional information about the Company's position at the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the financial statements when material.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, AND ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments and estimates that affect amounts reported in the Company financial statements. These judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company believes the following represent a summary of these significant judgments and estimate and related impact and associated risks in the Company financial statements.

Significant Accounting Judgments in Applying the Company's Accounting Policies

Leases

The Company has entered into contracts of lease for its office space it occupies. The Company determines the contract if there is a substance of lease. In determining the substance of the lease, the Company considered, among others, whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Based on management judgment, the Company's lease for its office space has substance of lease, thus, the Company recognized right-of-use asset representing the right to use the leased asset and lease liability representing its obligation to make lease payments.

Significant Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of input tax

Management believes that the recoverability of input tax is doubtful since the Company is not expecting income subject to output tax in the near future. Consequently, the Company has provided full valuation allowance of its input tax in the 2nd Quarter 2023 and 2022.

The Company's input tax amounted to ₱2,753,188.67 and ₱2,555,655 as at June 30, 2023 and 2022, respectively (see Note 6).

Deferred tax assets

The Company reviews the carrying amounts at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Due to non-operation of the Company, management expects that the Company will continue to incur losses and the related deferred tax assets will not be utilized in the near future. The Company's unrecognized deferred tax assets are fully disclosed in Note 14.

The Company's unrecognized deferred tax assets amounted to ₱1,264,821 and ₱1,849,279 as at June 30, 2023 and 2022, respectively (see Note 14).

Allowance for impairment of advances to related parties

Allowance for impairment of advances to related parties is maintained at a level considered adequate to provide for potentially uncollectible receivables. The level of allowance is based on the status of the advances to related parties, past collection experience and other factors that may affect collectability. Advances to related parties amounted to ₱254,616,977 and ₱250,586,555, net of allowance for impairment loss of ₱221,205,384 as at June 30, 2023 and 2022, respectively (see Note 11).

Allowance for impairment on financial assets at FVOCI

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Since management has assessed that the financial assets at FVOCI cannot be recovered and the decline in book value per share is other than temporary, the Company has provided allowance for impairment loss.

The Company's financial assets at FVOCI amounted to ₱82,527,419 and ₱84,786,264 net of allowance amounted to ₱20,000,000 as at June 30, 2023 and 2022, respectively (see Note 7).

5. CASH

Cash represents cash in bank with outstanding balance of ₱291,514 and ₱268,351 as at June 30, 2023 and 2022, respectively. Interest income earned from bank deposits were ₱82 and ₱84 as of June 30, 2023 and 2022, respectively.

Cash in bank generally earns interest at annual rates based on daily bank deposit rates ranging from 0.125% to 0.25% per annum in 2023 and 2022.

There is no restriction on the Company's cash as at June 30, 2023 and 2022.

6. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets as at June 30 consist of:

	2023	2022
Input tax	₱2,753,189	₱2,555,655
Other current assets	38,213	38,213
	2,791,402	2,593,868
Less: Valuation allowance on input tax	(2,753,189)	(2,555,655)
	₱38,213	₱38,213

Movements in the allowance on input tax are as follows:

	2023	2022
Balance at beginning of year	₱2,634,234	₱2,416,745
Provision during the period –13	118,955	138,910
Balance at end of period	₱2,753,189	₱2,555,655

Other current assets represent mainly cash in bank subject to garnishment.

The Company had provided full valuation allowance on its input tax since they are not expecting to generate income subject to VAT on which it can claim all its input tax against its output tax.

7. FINANCIAL ASSETS AT FVOCI (net)

Financial Assets at FVOCI as at June 30 consist of:

	2023	2022
Unquoted shares		
Balance at beginning of the year	₱85,711,574	₱85,711,574
Impairment loss	(20,000,000)	(20,000,000)
	65,711,574	65,711,574
Quoted shares		
Cost	7,529,480	7,529,480

Net unrealized fair value gain	9,286,365	11,545,210
	16,815,845	19,074,690
	₱82,527,419	₱84,786,264

Investment in unquoted shares of stock represents ownership of the Company in Forum Exploration, Inc. (FEI) and Taguig Lake City Development Corporation (TLCDC). These investments are classified as financial assets at FVOCI as the Company does not participate in the financial and operating policy of the investee which manifest control, joint control or significant influence. The Company believes that the carrying amount of these unquoted shares of stock approximates fair value.

Investment in quoted shares of stock represents ownership investment in Philippine Estates Corporation (PHES), a publicly listed Company. The fair value of these shares has been determined directly by reference to published prices in the active market

The movements in the unrealized fair value gain on financial assets at FVOCI are as follows:

	2023	2022
At beginning of year	₱11,294,227	₱18,070,762
Fair value changes during the period	(2,007,862)	(6,525,552)
	₱9,286,365	₱11,545,210

The Company's financial assets at FVOCI as at June 30, 2023 and 2022 are not held as collateral for its financial liabilities.

8. RIGHT-OF-USE ASSET (net)

During 2019, the Company recognized a right-of-use asset as a result of adoption of PFRS 16. The carrying amount as of June 30, 2023 and 2022 is ₱190,052 and ₱38,380, respectively.

Based on the impairment review of the Company's right-of-use asset, the Company believes that there is no indication of impairment on its right-of-use asset as at June 30, 2023 and 2022.

9. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities as at June 30 consist of:

	2023	2022
Accounts payable	₱-	₱-
Accrued expense	40,600	18,100
Taxes payable	9,125	8,625
Deferred Output VAT	1,453,633	741,649
	₱1,503,358	₱768,374

Accrued expenses pertain to unpaid professional fees.

Accounts payable pertains to the amount due to suppliers payable within one (1) year and do not bear any interest.

There were no assets of the Company that were collateralized for the above accounts payable and other liabilities.

10. CAPITAL STOCK

Details of the Company's capital stock as at June 30, 2023 and 2022 are as follows:

	No. Shares	Par value	Total
Authorized Capital Stock	3,500,000,000	₱1	₱3,500,000,000
Subscribed	1,875,000,000	1	1,875,000,000
Subscription receivable	(667,456,379)	1	(667,456,379)
Subscribed and paid up	1,207,543,621	1	1,207,543,621

Treasury shares	(36,056,750)	1	(36,056,750)
Issued and outstanding	1,171,486,871	₱1	₱1,171,486,871

The Company has one class of common shares which carry no right to fixed income. No movement in the capital stock of the Company in the 2nd quarter of 2023 and 2022. There were no shares of the Company reserved for issue under options and contracts for the sale of shares as at June 30, 2023 and 2022.

Track record of registration of securities

The Company was originally registered as Cophil Exploration, Inc. with the SEC on January 8, 1993. The Company was listed with the PSE on December 19, 1994 with initial registered shares of 50 billion at ₱0.01 par value per share.

On September 2, 1996, the Board of Directors and stockholders approved a resolution to amend the Company's Article of Incorporation by changing the par value per share of ₱0.01 to ₱1.00, removing the pre-emptive rights of shareholders and increasing authorized capital stock from ₱500 million divided by 50 billion shares to ₱2 billion divided into 2 billion shares. On September 27, 1996, SEC approved the amendment on the Company's capital structure.

On August 22, 1997, the Board of Directors and the stockholders approved a further increase in the Company's authorized capital stock from ₱2 billion to ₱3.5 billion divided into 3.5 billion shares with a par value of ₱1 per share. On March 11, 1998, SEC approved the Company's increased in authorized capital stock.

The Company has 1.5 billion shares listed and traded in the PSE as at June 30, 2023 and 2022.

11. RELATED PARTY TRANSACTIONS

The Company, in the normal course of business, has transactions with related parties. Such transactions are unsecured, non-interest bearing and with no definite terms of repayments period. The Company did not provide nor received any guarantee on its transaction with related parties. All outstanding balances are to be settled through cash or offsetting arrangement.

Details of related party relationships, transactions and balances as follows as of June 30:

Related parties and relationships	Nature of transactions	Volume of transactions		Outstanding receivable		Terms/ Conditions
		2023	2022	2023	2022	
With common key management						
The Wellex Group, Inc. (TWGI)	Cash advance	(₱3,679,422)	(₱1,266,396)	₱304,191,285	₱300,160,863	(a)
	Consultancy fee	(240,000)	(240,000)			
	Rental expense	(111,000)	(111,000)			
Forum Exploration, Inc. (FEI)	Transfer of assets	-	-	171,631,076	171,631,076	(b)
		(4,030,422)	(1,617,396)	475,822,361	471,791,939	
Impairment loss		-	-	(221,205,384)	(221,205,384)	(c)
		(₱4,030,422)	(₱1,617,396)	254,616,977	₱250,586,555	

Related parties and relationships	Nature of transactions	Volume of transactions		Outstanding receivable		Terms/ Conditions
		2023	2022	2023	2022	
With common key management						
Forum Exploration, Ltd.(FEL)	Cash advance	₱32,492	₱329,284	₱4,590,728	₱4,558,236	(d)

(a) Advances to The Wellex Group, Inc. (TWGI)

On December 16, 2020, TWGI issued a new promissory note amounting to ₱296,659,777 in favor of the Company. The term of the loan is five years maturing on December 15, 2025, bearing an interest of 2% per annum. Accrued interest receivable for this promissory note amounted to ₱13,537,574 and ₱6,180,411 as at June 30, 2023 and 2022, respectively.

To settle the outstanding advances, the Company entered into the following contracts with TWGI, which in return, amounts incurred will be applied to the outstanding advances:

The Company leases an office space in May 2014 from The Wellex Group, Inc. (TWGI) located at the 35th Floor One Corporate Centre, Doña Julia Vargas Ave. corner Meralco Ave., Ortigas Center, Pasig City. The lease is for a period of two years but renewable thereafter upon mutual agreement of both parties. The contract has been rented fourth time since then and is currently valid until April 30, 2024. Office space quarterly rental including storage room usage and utilities is ₱55,500, exclusive of VAT and withholding tax for both periods ended June 30, 2023 and 2022.

Total rental and utilities expense charged to operations for the quarters ended June 30 as follows (Note 12):

	2023	2022
Rent	₱37,500	₱37,500
Utilities	18,000	18,000
	₱55,500	₱55,500

The net carrying amount of the right-of-use asset recognized as at June 30, 2021 is disclosed in Note 8.

In April 2012, the Company has entered into a consultancy agreement with TWGI, whereby the latter will provide corporate planning and financial services on its various corporate functions and undertakings. The contract has been renewed fifth time since then and is currently valid until April 30, 2024. Total management fee charged to operations amounted to ₱120,000 for both periods ended June 30, 2023 and 2022.

The Company originally provides allowance for impairment amounting to ₱161,205,384 and ₱161,205,384 as at June 30, 2023 and 2022, respectively, on advances to TWGI prior to agreements entered to settle the outstanding advances. Allowance for impairment will be reversed once the unimpaired portion of advances is substantially collected and upon assessment by the management on the continuity of the existing agreements.

(b) Advances to Forum Exploration, Inc. (FEI)

FEI is a legal and beneficial owner of 100% interest in Service Contract (SC) 40, an upstream oil and gas contract area in the Philippines, entered into with the Philippine Government through the Department of Energy. Annual gas production from field on SC 40 totaled 41.09 million standard cubic feet (MMSCF) and 78.66 MMSCF since the start of production in 2012.

FEI has also implemented Work Program and Budget as approved by DOE on November 17, 2014 which includes, among others, a commitment to perform land gravity survey over the Dalingding Structure starting March 2015. Since 2014, FEI has performing geological and geophysical study aimed to identify and prioritize highly prospective areas for future exploration.

In SC 40 (North Cebu), which Forum operates through its 66.67% subsidiary, Forum Exploration, Inc. ("FEI"), conducted a land gravity survey over the Libertad and Dalingding areas in Bogo City and Daanbantayan Municipality, respectively. The gravity survey aimed to further delineate the carbonate bodies detected in the said areas by the initial 3D gravity modelling exercise.

In June 2022, FEI contracted a drilling consultant to prepare drilling programs and budgets for two wells, one of which will be located in the Dalingding Prospect, a reef structure defined by seismic with the Late Miocene to Pliocene-age Barili Limestone as the primary target. A well, Dalingding-1, drilled this structure in 1996 and was plugged and abandoned as a dry hole with minor gas shows after reaching a total depth of 1,508 ft. FEI's recent re-evaluation of the prospect had concluded that Dalingding-1 did not reach the Barili target, which is currently estimated at 480 ft, below the well's final depth. FEI proposes drilling Dalingding-2 down to 4,000 ft to reach the Barili Limestone and secondary targets underneath.

On December 16, 2022, FEI submitted the SC 40 WP&B for 2023 with a firm program consisting of an Independent Technical Evaluation of the Maya and Dalingding Prospects to be carried out in the first quarter of 2023. This was approved by the DOE on February 15, 2023. The evaluation started shortly thereafter and is going as of end of second quarter 2023.

The Company has outstanding advances to FEI pertaining to the value of exploration assets transferred by the Company.

The Company remains positive on FEI's success on its exploration and future development work in providing the viability of its oil properties to produce oil in commercial quantities.

As at June 30, 2023 and 2022, FEI has not yet returned the value of the exploration assets that the Company transferred.

(c) Advances from FORUM GSEC 101 Ltd. (Forum Exploration, Inc. Ltd.)

The Company received USD denominated cash advances from FEI - Ltd. amounted to \$82,922 with no definite terms of payment and will be settled in USD. Balance as at June 30, 2023 and 2022 as follows:

	2023	2022
At beginning of year	₱4,623,316	₱4,228,952
Unrealized foreign exchange loss (gain)	(32,588)	329,284
At end of year	₱4,590,728	₱4,558,236

(d) Remuneration to key management personnel

With the Company's tight cash position, management decided to suspend any form of compensation given to key management personnel.

(e) Others

The Company's administrative functions are performed by its related party, TWGI.

12. COSTS AND EXPENSES

Cost and expenses for the quarters ended June 30 consists of:

	2023	2022	2021
Professional fees	₱120,000	₱105,000	₱125,000
Membership fees and dues	14,100	12,250	14,850
Management fees	120,000	120,000	120,000
Rent and utilities	55,500	55,500	55,500
Travel and transportation	-	4,380	2,400
Donations	-	26,756	-
Taxes and Licenses	37,036	58,074	-
Office supplies	140	4,464	-
Miscellaneous	28,413	5,467	3,600
	₱375,189	₱391,891	₱321,350

Membership fees and dues include annual PSE listing and registration.

Miscellaneous expense mainly consists of website maintenance fees.

13. OTHER INCOME/(EXPENSES) – net

Other expenses for the quarters ended June 30 consists of:

	2023	2022	2021
Provision for impairment on:			
Input tax	(₱44,771)	(₱49,864)	(₱44,388)
Unrealized foreign exchange gain (loss)	(77,353)	(249,596)	1,327
Interest income	44	42	81
	(₱122,080)	(₱299,418)	(₱42,980)

14. INCOME TAXES

On March 26, 2021, the Republic Act (RA) 11534, known as “The Corporate Recovery and Tax Incentives for Enterprises Act” (CREATE Act), was passed into law. The salient provisions of the CREATE Act applicable to the Company are as follow:

1. Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding ₱5,000,000 and with total assets not exceeding ₱100,000,000, excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 20, 2023;
3. The imposition of improperly accumulated earnings is repealed.

15. INCOME (LOSS) PER SHARE

The following table presents information necessary to calculate the loss per share as of June 30:

	2023	2022	2021
Net loss for the period	(₱1,029,681)	(₱1,416,916)	(₱1,039,539)
Weighted average number of common shares outstanding during the period	1,171,486,871	1,171,486,871	1,171,486,871
	(₱0.0009)	(₱0.0012)	(₱0.0009)

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risk which results from both its operating and financing activities. The Company's risk management is coordinated with the BOD and focuses on actively securing the short-term cash flows to finance its operation.

The Company's principal financial instruments comprise of cash, advances to related parties, financial assets at FVOCI, accounts payable and other liabilities (excluding local and other taxes and other liabilities to government agencies), and advances from a related party. The main purpose of these financial instruments is to raise financing for the Company's operations. The Company does not actively engage in trading of financial assets for speculative purposes nor does it have options.

The most significant financial risks in which the Company is exposed to are described below:

Credit risk

Credit risk refers to the risk that counterparty will default its contractual obligation resulting in financial loss to the Company. The Company's credit risk is primarily attributable to its financial assets which composed of cash and advances to related parties.

In order to minimize credit risk, the Company has developed and maintained internal credit risk grading to categorize exposures according to their degree of risk of default. The Company uses its own trading records to rate its major customers and other debtors.

The Company current credit risk grading framework is as follows:

Category	Description	Basis for recognizing ECLs	Base	Minimum allowance for credit losses	Stage
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECS	0%	0%	1
Doubtful	Amount is 1-30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL- not credit impaired	25%	1%	2
	Amount is 31-90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL- not credit impaired	25%	5%	2
	Amount is 91-180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL- not credit impaired	25%	10%	2
	Amount is 181-360 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL- not credit impaired	25%	12%	2
In default	Amount is over 1-2 years oast due or there is evidence indicating the asset is credit impaired	Lifetime ECL- credit impaired	50%	15%	3
	Amount is over 2-3 years oast due or there is evidence indicating the asset is credit impaired	Lifetime ECL- credit impaired	100%	15%	3
	Amount is over 3-5 years oast due or there is evidence indicating the asset is credit impaired	Lifetime ECL- credit impaired	100%	50%	3
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off	100%	100%	3

The maximum credit risk exposure of the financial assets is the carrying amount of the financial assets shown on the face of statement of financial position, as summarized below:

June 30, 2023					
		Basis for recognizing ECL	Gross carrying amount	Loss Allowance	Net carrying amount
Cash in bank	(a)		₱291,514	₱-	₱295,667
Advances to related parties	(b)	Lifetime ECL	475,822,361	(221,205,384)	254,616,977
			₱476,113,875	(₱221,205,384)	₱254,912,644
June 30, 2022					
		Basis for recognizing ECL	Gross carrying amount	Loss Allowance	Net carrying amount
Cash in bank	(a)		₱295,667	₱-	₱295,667
Advances to related parties	(b)	Lifetime ECL	471,791,939	(221,205,384)	250,586,555
			₱472,087,606	(₱221,205,384)	₱252,882,222

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described below.

(a) Cash in banks

The credit risk for cash in banks is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 for every depositor per banking institution.

(b) Advances to related parties

For advances to related parties, the Company has applied the simplified approach to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

To measure the ECL, advances to related parties have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for advances to related parties are a reasonable approximation of the loss rates for the financial asset.

The management continues to review receivable from related parties for any legally enforceable right to offset with liabilities with the expressed intention of the borrower to settle on a net basis.

Impaired accounts represent account of related parties that have not paid for a while and for which the Company believes that a portion of the receivables may not be collected. The allowance is estimated based on the Company's estimate for accounts which it believes may no longer be collected.

As at June 30, 2023 and 2022, the Company has entered into an agreement with its related party to settle the advances (Note 11).

Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company is mainly exposed to liquidity risk through its maturing liabilities. The Company has a policy of regularly monitoring its cash position to ensure that maturing liabilities will be adequately met.

The Company manages liquidity risk through continuous collection of advances to related parties which is considered as cash inflow to finance its operation. The Company continuously monitoring forecast and actual cash flows and matching the maturity profiles of liabilities.

The details of the maturity analysis of the Company's liabilities are as follows:

June 30, 2023	Total	On Demand	Less than 3 months	3 to 12 months	1 to 5 years
Accounts payable and other liabilities	₱1,494,233	₱-	₱-	₱1,494,233	₱-
Lease Liability	143,349	-	-	143,349	-
Advances from related parties	4,590,728	-	-	-	4,590,728
	₱6,228,310	₱-	₱-	₱1,637,582	₱4,590,728

**excluding government liabilities*

June 30, 2022	Total	On Demand	Less than 3 months	3 to 12 months	1 to 5 years
Accounts payable and other liabilities	₱759,749	₱-	₱-	₱759,749	₱-
Lease Liability	41,806	-	-	41,806	-
Advances from related parties	4,558,236	-	-	-	4,558,236
	₱5,359,791	₱-	₱-	₱801,555	₱4,558,236

**excluding government liabilities*

Equity price risk

Equity price risk is the risk that the fair value of equity instrument decreases as a result of changes in the value of individual stocks. The Company's exposure to equity price risk arises from investments held by the Company and classified in the Company's statements of financial position either as financial asset at FVOCI.

Equity instruments designated at FVOCI in listed and non-listed companies are held for strategic rather than trading purposes. The Company does not actively trade these investments. The Company also invested in portfolio of listed shares which are held for trading and has designated equity instrument in a non-listed Company at FVOCI.

Foreign currency risk

The Company is exposed to foreign exchange risk arising from currency exposures primarily with respect to the U.S. dollars. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Significant fluctuation in the exchange rates could significantly affect the Company's financial position.

The Company is mainly exposed to foreign currency risk through its advances from related party \$82,922 which amounted to ₱4,590,728 and ₱4,558,236 as at June 30, 2023 and 2022, respectively.

The sensitivity rate used on reporting foreign currency risk internally to key management personnel is 10% and it represents management's assessment of reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary assets and liabilities and adjusts their translation at the period end for a 10% in foreign exchange rates. A positive number indicates an increase in net income when the Philippine peso strengthens at 10% against the relevant currency. For 10% weakening of the Philippine peso against the relevant currency, there would be an equal and opposite impact on the net income.

Capital Risk Objective and Management

The primary objective of the Company's capital management is to ensure its ability to continue as a going concern.

The Board of Directors have the overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including accounts payable and other liabilities, lease liability and advances from related party as shown in the statements of financial position) less cash. Total capital is calculated as equity as shown in the statements of financial position plus net debt.

Gearing ratio compares some form of owner's equity to borrowed funds. It is a measure of financial leverage demonstrating the degree to which the Company's activities are funded by owner's funds versus creditors' funds.

The gearing ratios as at June 30, 2023 and 2022 were as follows:

	2023	2022
Debt	₱6,333,271	₱5,378,011
Less: Cash	291,514	268,351
Net debt	6,041,757	5,646,362
Equity	331,378,822	330,350,204
Gearing ratio	1.82%	1.71%

The Company is subject to externally imposed capital requirement amounting to ₱6,250,000 which is the minimum paid-up capital requirement of SEC for mining companies. As June 30, 2023 and 2022, the Company is in compliance with this externally imposed capital requirement.

17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The reconciliation about the changes in the Company's liabilities arising from financing activities including both cash and non-cash changes for the years ended June 30, 2023 and 2022 as follows:

	Balance as at January 1, 2023	Effect of foreign exchange rates	New Leases	Changes from financing cash flow	Balance as at June 30, 2023
Advances from a related party	₱4,623,316	(₱32,588)	₱-	₱-	₱4,590,728
Lease liability	143,349	-	-	-	143,349
	₱4,766,665	(₱32,588)	₱-	₱-	₱4,766,665

	Balance as at January 1, 2022	Effect of foreign exchange rates	New Leases	Changes from financing cash flow	Balance as at June 30, 2022
Advances from a related party	₱4,228,952	₱329,284	₱-	₱-	₱4,558,236
Lease liability	41,806	-	-	-	41,806
	₱4,270,758	₱329,284	₱-	₱-	₱4,600,042

18. FAIR VALUE INFORMATION

Assets measured at fair value

The fair values of the Company's assets, which are measured at fair value at the end of each reporting period, are determined based on quoted prices in active market.

Assets and liabilities not measured at fair value

For the long-term financial assets and liabilities, the fair value of the non-interest bearing noncurrent assets and liabilities are determined based on the discounted value of future cash flows using the prevailing credit adjusted PH BVAL that are specific to the tenor of the instruments' cash flow as at reporting date.

The carrying amounts of cash and accounts payable and other liabilities approximate their fair values due to the relatively short term maturities of these financial instruments.

Certain financial assets at FVOCI amounting to ₱65,711,574 as at June 30, 2023 and 2022 are carried at cost less impairment loss since there was no reliable basis for the measurement of the fair value.

19. SUPPLEMENTARY INFORMATION REQUIRED BY BUREAU OF INTERNAL REVENUE

On December 28, 2010, Revenue Regulations (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS.

a) Output value-added tax

The Company has no output VAT since it does not have any income subject to VAT for the quarters ended June 30, 2023 and 2022.

b) Input value-added tax

The Company has input VAT as at June 30:

	2023	2022
At beginning of year	₱2,634,234	₱2,416,745
Current purchases and payments for		

Goods and Services	118,955	138,910
	₱2,753,189	₱2,555,655

c) Importation

The Company has no import transactions for the quarters ended June 30, 2023 and 2022.

d) Excise Tax

The Company does not have excise tax in any of the taxable years presented since it does not have any transactions which are subject to excise tax.

e) Documentary stamp tax

There is no documentary stamp tax paid by the Company for the quarters ended June 30, 2023 and 2022.

f) Taxes and licenses

The Company does not have taxes and licenses expenses for the quarters ended June 30, 2023 and 2022.

g) Withholding taxes

The details of total withholding taxes for the quarters ended June 30 are shown below:

	2023	2022
Withholding tax on compensation	₱-	₱-
Expanded withholding tax	25,875	25,875
Final withholding tax	-	-
	₱25,875	₱25,875

h) Deficiency tax assessment and tax cases

The Company does not have any deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the taxable years.

FORUM PACIFIC, INC.
APPENDIX A – FINANCIAL SOUNDNESS

	June 30, 2023	June 30, 2022	December 31, 2022
Profitability ratios:			
Return on asset	N/A	N/A	0.01:1
Return on equity	N/A	N/A	0.01:1
Net profit margin	N/A	N/A	N/A
Solvency and liquidity ratios:			
Current ratio	0.20:1	0.38:1	0.14:1
Debt to equity ratio	0.02:1	0.02:1	0.02:1
Quick ratio	0.17:1	0.33:1	0.13:1
Cash-flow liquidity ratio	(0.79):1	(2.03):1	(0.82):1
Financial leverage ratio:			
Asset to equity ratio	1.02:1	1.02:1	1.02:1
Debt to asset ratio	0.02:1	0.02:1	0.02:1
Interest rate coverage ratio	N/A	N/A	211.68:1