

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, Dona Julia Vargas, cor. Meralco Ave., Ortigas Center, Pasig City, on oath state:

- 1) That on behalf of Forum Pacific, Inc., I have caused this First (1st) Quarterly Report SEC Form 17-Q 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 hereunto set my hands this MAY 14 2021 day of _____, 2021.



Affiant

TIN: 205-231-659

SUBSCRIBED AND SWORN to before me this MAY 14 2021 day of _____, 2021.

NOTARY PUBLIC


EDWIN G. CONDAYA

NOTARY PUBLIC

PASIG, PATEROS & SAN JUAN

EXTENDED UP TO JUNE 30, 2021

PTR NO. 7187109/1-2-21

IBP NO. 0560331/APP. NO. 54 2019-2020

ROLL NO. 26683

MCLE V-0004493

2ND FLOOR, ARMAL BLDG., URBANO
VELASCO AVE., MALINAO, PASIG CITY

Doc No. 272
Page No. 56
Book No. CCCLIII
Series of 2021

COVER SHEET

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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

3 1

Fiscal Year

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

865

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

1st 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 **March 31, 2021**
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)

11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes ☒ 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: ₱241,175,290

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

	January – March 2021	January – March 2020
Revenues	P–	P–
Less: Costs and Expenses	558,108	535,236
Loss from Operation	(558,108)	(535,236)
Add: Other Expenses	(117,101)	(107,691)
Loss before Income Tax	(675,209)	(642,927)
Income Tax Expense		
Net Loss for the quarter	(P675,209)	(P642,927)
Loss per share	(P0.0006)	(P0.0005)

□ Unaudited Balance Sheets

	As of March 31, 2021	As of March 31, 2020	As of December 31, 2020
Assets	P344,750,469	P331,582,761	P335,242,986
Liabilities	4,426,471	4,482,550	4,534,074
Stockholders' Equity	340,323,998	327,100,211	330,708,912
Total Liabilities & Stockholders' Equity	P344,750,469	P331,582,761	P335,242,986

Interim quarter ended March 31, 2021 compared with quarter ended March 31, 2020

RESULTS OF OPERATION

Revenues and Loss per share

Since the Company is still exploring new business opportunities given the volatile situation of metal and oil prices in the global market, the Company has no revenues for the 1st quarter of 2021 and 2020.

The Company incurred losses of P0.7 million and P0.6 million for quarters ended March 31, 2021 and 2020, respectively. Loss per share for the 1st quarter of 2021 and 2020 were P0.0006 and P0.0005, 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.

Costs and Expenses

Costs and expenses for as of 1st Quarter consisted primarily of dues and subscriptions, professional fees, rental, storage, and taxes and licenses and miscellaneous.

Costs and expenses recorded for the 1st quarter of 2021 and 2020 were P558,108 and P535,236, respectively. Increased of P22,872 or 4.27% is mainly due to the decrease payment of dues and subscriptions by P11,000, increase in consultancy fee by P30,000 in the 1st Quarter 2021.

The Company has other expenses in incurred amounting to P117,101 and P107,691 in 2020 and 2019, respectively. Increased of P9,410 or 8.74% is due to increase in input vat and unrealized foreign exchange loss.

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 March 31, 2021 and 2020 were ₱265,410 and ₱273,247, respectively. The Company provided full valuation on its input tax as of March 31, 2021 amounting to ₱2,309,542.

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.

Related Parties	Relationship	Outstanding Balance	
		March 31, 2021	March 31, 2020
The Wellex Group, Inc.	Common key management	₱135,272,234	₱137,808,671
Forum Exploration, Inc.	Common key management	111,631,076	111,631,076
Forum Exploration, Ltd.	Common key management	(4,026,372)	(4,232,683)

A. 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. 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.

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 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.

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 March 31, 2021 and 2020.

The carrying amount of advances to TWGI as at March 31 as follows:

	2021	2020
Advances	₱296,477,618	₱299,014,055
Allowance for impairment loss	(161,205,384)	(161,205,384)
Net carrying amount	₱135,272,234	₱137,808,671

The Company originally provides allowance for impairment amounting to ₱161,205,384 and ₱161,205,384 as at March 31, 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.

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 March 31, 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.

C. 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 March 31, 2021 and 2020 amounted to ₱4,026,372 and ₱4,232,683 respectively.

Financial Assets at FVOCI (net)

Financial Assets at FVOCI as at March 31 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	24,094,348	8,533,417
	31,623,828	16,062,897
	₱97,335,402	₱81,774,471

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 March 31, 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 ₱153,552 and ₱36,117 as of March 31, 2021 and 2020, respectively or an increased by ₱117,435.

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 2020 and 2019, respectively, with an increase of ₱78,477 or 195.75% and lease liability – noncurrent amounting to ₱41,806 and ₱0 in 2020 and 2019.

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 March 31, 2021 and 2020.

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 March 31, 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 March 31, 2021 and 2020 amounted to ₱312,236 and ₱239,032, respectively.

Accounts payable and other current liabilities include payable for retainer fees of legal counsels and stock transfer agent, accrued expenses and withholding taxes payable. It decreased by ₱5,274 or 2.65%, which were paid to its suppliers.

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 1st Quarter of 2021 and 2020 are 99.32% and 134.04%, 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 1st Quarter of 2021 and 2020 are 85% and 114.31%, 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 1st Quarter of 2021 and 2020 are 1.28% and 1.35%, 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 1st Quarter of 2021 and 2020 are 1.30% and 1.37%, 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 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.

While the Company is affiliated with group of mining companies, the current slowdown of the mining sector and the stringent evaluations being conducted by the Department of Environment and Natural Resources (DENR) for new mining applications has led the Company to shelve the entry into the mining sector for the time being.

Business Focus for the Coming Year

Aside from the investment made during 2017 in Taguig Lake City Development Corporation – a corporation engaged in the real estate industry, the Company will further outline business target projects, welcome other business opportunities from different industries apart from oil and gas and mineral exploration; and improve its financial position. 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.

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.

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 of 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:

March 31, 2021	Total	On demand	Less than 3 months	3-12 months	1-5 years
Advances from related parties	₱4,026,372	₱–	₱–	₱–	₱4,026,372
Lease Liability	160,373	–	–	118,567	40,090
Accounts payable and other Liabilities	180,100	–	–	180,100	–
	₱4,366,845	₱–	₱–	₱298,667	₱4,066,462

**excluding government liabilities*

March 31, 2020	Total	On demand	Less than 3 months	3-12 months	1-5 years
Advances from related parties	₱4,232,683	₱–	₱–	₱–	₱4,232,683
Lease Liability	40,090	–	–	40,090	–
Accounts payable and other Liabilities	191,317	–	–	191,317	–
	₱4,464,090	₱–	₱–	₱231,407	₱4,232,683

**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.

(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
2021	First Quarter	0.330	0.206
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
2019	First Quarter	0.340	0.203
	Second Quarter	0.280	0.224
	Third Quarter	0.295	0.220
	Fourth Quarter	0.229	0.201
2018	Second Quarter	0.265	0.190
	Third Quarter	0.236	0.195
	Fourth Quarter	0.240	0.188

The high, low and close market price is ₱0.290, ₱0.270 and ₱0.290 per share as of May 14, 2021, respectively.

Holders

The number of shareholders of record as of March 31, 2021 was 865. Common shares issued and subscribed were 1,838,943,246.

List of Top 20 Stockholders March 31, 2021

	NAME	NO. SHARES HELD	% to TOTAL
1	INTERNATIONAL POLYMER CORPORATION	496,887,494	26.501
2	PCD NOMINEE CORPORATION	426,095,374	22.725
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	PCD NOMINEE CORP. (NON-FILIPINO)	12,220,050	0.652
14	A & A SECURITIES, INC.	11,911,320	0.635
15	MARK SECURITIES CORPORATION	10,772,800	0.575
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

SIGNATURE

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

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

Registrant: **ELVIRA A. TING**

Title: **President**

Signature: _____

Registrant: **ATTY. ARSENIO A. ALFILER, JR.**

Title: **Corporate Secretary**

Signature: _____

Registrant: **KENNETH T. GATCHALIAN**

Title: **Treasurer**

Signature: _____

Dated _____

PASIG CITY SUBSCRIBED AND SWORN to before me this **MAY 14 2021** day of _____, in
affiant (s) exhibiting to me his/their Tax Identification No. as follows:

AFFIANTS

1. Elvira A. Ting
2. Atty. Arsenio A. Alfiler, Jr.
3. Kenneth T. Gatchalian

Tax Identification No.

117-922-153-000
108-160-743-000
167-406-526-000

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FORUM PACIFIC, INC.
STATEMENTS OF FINANCIAL POSITION

Annex A.1

		Unaudited March 31, 2021	Unaudited March 31, 2020	Audited December 31, 2020
Current Assets				
Cash	5	₱265,410	₱273,247	₱625,345
Prepayments and other current assets	6	44,713	47,152	38,213
		310,123	320,399	663,559
Non-current Assets				
Advances to related parties – net	11	246,903,310	249,439,747	247,332,685
Financial asset at FVOCI	7	97,335,402	81,774,471	87,045,108
Right-of-Use Asset (net)	8	153,522	36,117	153,522
Deferred Tax Asset (net)		48,112	12,027	48,112
		344,440,346	331,262,362	334,579,427
TOTAL ASSETS		344,750,469	331,582,761	335,242,986
Current Liabilities				
Accounts payable and other current liabilities	9	188,725	198,942	340,525
Lease Liability		118,567	40,090	118,567
Income Tax Payable		4,944	-	4,944
		312,236	239,032	464,036
Non-current Liabilities				
Advances from related parties	11	4,026,372	4,232,683	3,982,175
Lease Liability (net of current portion)		41,806	-	41,806
Deferred Tax Liability		46,057	10,835	46,057
		4,114,235	4,243,518	4,070,038
TOTAL LIABILITIES		4,426,471	4,482,550	4,534,074
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		24,094,348	8,533,417	13,804,055
Deficit		(855,257,222)	(852,920,077)	(854,582,014)
TOTAL EQUITY		₱340,323,998	₱327,100,211	₱330,708,912
TOTAL LIABILITIES AND EQUITY		₱344,750,469	₱331,582,761	₱335,242,986

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

FORUM PACIFIC, INC.
STATEMENTS OF COMPREHENSIVE INCOME

Annex A.2

	Unaudited January - March 2021	Unaudited January - March 2020
Revenues	₱—	₱—
Costs and expenses (Note 12)	558,108	535,236
Operating loss	(558,108)	(535,236)
Other income/(expenses)	(117,101)	(107,691)
NET LOSS FOR THE PERIOD	(₱675,209)	(₱642,927)
LOSS PER SHARE (Note 15)	(₱0.0006)	(₱0.0005)

FORUM PACIFIC, INC.
STATEMENTS OF CHANGES IN EQUITY

Annex A.3

	Unaudited January - March 2021	Unaudited January - March 2020	Audited December 31, 2020
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	24,094,348	8,533,417	13,804,055
Deficit - beginning	(854,582,014)	(852,277,151)	(852,277,151)
Net loss for the period	(675,209)	(642,927)	(2,304,863)
Deficit - ending	(855,257,222)	(852,920,077)	(854,582,014)
TOTAL STOCKHOLDERS' EQUITY	₱340,323,998	₱327,100,211	₱330,708,912

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

FORUM PACIFIC, INC.
STATEMENTS OF CASH FLOWS

Annex A.4

		Unaudited January- March 2021	Unaudited January- March 2020	Audited December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(P675,209)	(P642,927)	(P2,300,782)
Adjustments for:				
Provision for impairment of input tax	6	72,996	73,775	202,163
Provision for impairment on advances to related parties	11	-	-	-
Provision for impairment of financial assets at FVOCI	7	-	-	-
Depreciation	12	-	-	112,878
Finance Cost	11	-	-	40,000
Unrealized foreign exchange loss	11	44,198	33,916	(216,592)
Interest Income	5	(93)	-	(247,734)
Operating loss before working capital changes		(558,108)	(535,236)	(2,410,067)
Increase (Decrease) in prepayments and other current assets		(79,496)	(80,272)	(199,724)
Increase (Decrease) in accounts payable and other liabilities		(151,800)	(126,084)	(15,500)
Cash generated from (used in) operations		(789,404)	(741,594)	(2,594,291)
Interest Received		93	-	518
Net cash used in operating activities		(789,311)	(741,594)	(2,593,773)
CASH FLOWS FROM INVESTING ACTIVITY				
Collection on advances of related parties	11	429,375	799,565	3,153,843
Additional advances to related parties	11	-	-	-
Additions to financial assets at FVOCI	7	-	-	-
Net cash provided by investing activity		429,375	799,565	3,153,843
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		(459,936)	57,971	410,070
At beginning of year	5	625,346	215,276	215,276
At end of quarter		P265,410	P273,247	P625,346

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

FORUM PACIFIC, INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
March 31, 2021

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 ₱675,209 and ₱642,927 on March 31, 2021 and 2020, respectively. The Company had accumulated a deficit of ₱855,257,222 and ₱852,920,077 as at March 31, 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 volatile situation of metal and oil prices in the global market, the management's previous plan on banking on new petroleum and gas and other mining contracts is temporarily reserved. For 2020 the Company plans to undertake the following:

- Aside from the new investment in Taguig Lake City Development Corporation, the Company will further outline business target projects welcome other business opportunities from different industries apart from oil and gas and mineral exploration.
- Continue research on mines mine with potential mineral deposits using affiliated Group's geologists and engineers.
- Consider investing into potential renewable energy sources like solar power, biofuels, hydro, wind and geothermal energy.
- Evaluate potential buyers to buy out investment with Forum Exploration Inc.
- Evaluate advances to affiliates and design collection program to improve the Company's financial status. As at March 31, 2021 and 2020, 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.

Basis of Preparation of Interim Financial Statement

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments, in accordance with applicable Philippine Accounting Standards and in accordance with reporting practices applicable to the subsidiary bank.

The financial statements are presented in Philippine pesos, which is the Company's functional currency.

The financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS), which are accounting principles generally accepted in the Philippines. These are the Company's first PFRS financial statements where PFRS 1, "First Time Adoption of the Philippine Financial Reporting Standards", has been applied.

The preparation of the financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial years except for the following amended PFRS that are mandatorily effective for annual periods beginning on or after January 1, 2020.

Interest Rate Benchmark Reform (Amendments to PFRS and PFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest

rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments also introduce new disclosure requirements to PFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to PFRS 9.

Definition of a Business (Amendments to PFRS 3). The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020.

COVID-19-Related Rent Concessions (Amendments to PFRS 16). In May 2020, the International Accounting Standards Board ("IASB") issued COVID-19-Related Rent Concessions (Amendments to PFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to PFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying PFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b. Any reduction in lease payments affects only payments originally due on or before June 30, 2021 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2021 and increased lease payments that extend beyond June 30, 2021); and
- c. There is no substantive change to other terms and conditions of the lease.

The above amendments have no impact on the disclosures and amounts recognized on the Company's financial statements.

Revised Conceptual Framework for Financial Reporting. The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

Definition of Material (Amendments to PAS 1 and PAS 8). The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments will not have a significant impact on the disclosures and amounts recognized on the financial statements.

New accounting standards, interpretations and amendments to existing standards effective subsequent to January 1, 2020

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.

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.

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 IFRIC 21 Levies. The amendments also confirm that contingent assets should not be recognized at the acquisition date.

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 above amendments are effective for annual periods beginning on or after January 1, 2022.

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.
- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards* – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same PFRS 1 exemption.
- PAS 41, *Agriculture* – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under PAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The above annual improvements are effective for annual periods beginning on or after January 1, 2022.

PFRS 17, Insurance Contracts. The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, including reinsurance contracts held and investment contracts with discretionary participation features issued. The objective of the standard is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of the standard have on the entity's financial position, financial performance and cash flows. The standard is effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

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 (e.g. 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 amendment is effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

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, 2020 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 March 31, 2021 and 2020, 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 March 31, 2021 and 2020, 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 March 31, 2021 and 2020, 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 advance 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 or at FVOCI. 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 simplified 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 are 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 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 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 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 weighted average rate applied is 19.6%.

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 has elected 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 Loss Per Share

Basic loss per share is calculated by dividing the 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 1st quarter of 2021 and 2020.

The Company's input tax amounted to ₱2,309,542 and ₱2,108,159 as at March 31, 2021 and 2020, respectively (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 ₱9,167,731 and ₱9,252,345 as at March 31, 2021 and 2020, respectively (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 ₱246,903,310 and ₱249,439,747, net of allowance for impairment loss of ₱221,205,384 and ₱221,205,384, as at March 31, 2021 and 2020 (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 ₱97,335,402.14 and ₱81,774,471, net of allowance amounted to ₱20,000,000 as at March 31, 2021 and 2020, respectively (Note 7).

5. CASH

Cash represents cash in bank with outstanding balance of ₱265,410 and ₱273,247 as at March 31, 2021 and 2020, respectively. Interest income earned from bank deposits were ₱93 and ₱0 as of March 31, 2021 and 2020, 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 2021 and 2020.

There is no restriction on the Company's cash as at March 31, 2021 and 2020.

6. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets as at March 31 consist of:

	2021	2020
Input tax	₱2,309,542	₱2,108,159
Other current assets	44,713	47,152
	2,354,255	2,155,311
Less: Valuation allowance on input tax	(2,309,542)	(2,108,159)
	₱44,713	₱47,152

Movements in the allowance on input tax are as follows:

	2021	2020
Balance at beginning of year	₱2,236,548	₱2,034,384
Provision during the period –13	72,996	73,775
Balance at end of period	₱2,309,542	₱2,108,159

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 March 31 consist of:

	2021	2020
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	24,094,348	8,533,417
	31,623,828	16,062,897
	₱97,335,402	₱81,774,471

Investment in unquoted shares of stock represents ownership of the Company in FEI (Note 11) and Taguig Lake 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 would which manifest control, joint 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 movements in the unrealized fair value gain on financial assets at FVOCI are as follows:

	2021	2020
At beginning of year	₱13,804,055	₱14,055,038
Fair value changes during the period	10,290,293	(5,521,621)
	₱24,094,348	₱8,533,417

The Company's financial assets at FVOCI as at March 31, 2021 and 2020 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 March 31, 2021 and 2020 is ₱153,522 and ₱36,117, 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 March 31, 2021 and 2020.

9. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities as at March 31 consist of:

	2020	2020
Accounts payable	₱-	₱29,317
Accrued expense	180,100	162,000
Taxes payable	8,625	7,625
	₱188,725	₱198,942

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 March 31, 2021 and 2020 are as follows:

Capital stock	No. Shares	Par value	Total
Authorized	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 2020 and 2019 reporting periods. There were no shares of the Company reserved for issue under options and contracts for the sale of shares as at September 30, 2020 and 2019.

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 March 31, 2021 and 2020.

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 March 31:

Related parties and relationships	Nature of transactions	Volume of transactions		Outstanding receivable		Terms/ Conditions
		2021	2020	2021	2020	
With common key management						
The Wellex Group, Inc. (TWGI)	Cash advance	(₱253,875)	(₱624,065)	296,477,618	₱299,014,055	(a)
	Consultancy fee	(120,000)	(120,000)			
	Rental expense	(55,500)	(55,500)			
Forum Exploration, Inc. (FEI)	Transfer of assets	-	-	171,631,076	171,631,076	(b)
		(429,375)	(799,565)	468,108,694	470,645,131	
Impairment loss		-	-	(221,205,384)	(221,205,384)	(c)
		(429,375)	(799,565)	₱246,903,310	₱249,439,747	

Related parties and relationships	Nature of transactions	Volume of transactions		Outstanding receivable		Terms/ Conditions
		2021	2020	2021	2020	
With common key management						
Forum Exploration, Ltd.(FEL)	Cash advance	₱44,198	₱33,916,	₱4,026,372	₱4,243,683	(d)

(a) 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. 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:

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 thrice since then and is currently valid until April 30, 2022.

Total rental and utilities expense charged to operations for the quarters ended March 31 as follows (Note 12):

	2021	2020
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 March 31, 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 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 March 31, 2021 and 2020.

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 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.

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

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

The Company received USD denominated cash advances from FEI - Ltd. amounted to \$82,922.24 with no definite terms of payment and will be settled in USD.

	2021	2020
At beginning of year	₱3,982,175	₱4,198,767
Unrealized foreign exchange loss –13	44,197	33,915
At end of year	₱4,026,372	₱4,232,682

(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 March 31 consists of:

	2021	2020	2019
Professional fees	₱105,000	₱75,000	₱65,000
Membership fees and dues	250,000	261,000	251,000
Management fees – note 10	120,000	120,000	120,000
Rent and utilities – note 10	55,500	55,500	55,500
Taxes and licenses	18,661	19,696	19,452
Travel and transportation	4,890	1,000	978
Meal Expense	-	-	1,539
Office supplies	-	-	2,455
Miscellaneous	4,057	3,040	8,406
Trainings and Development	-	-	-
	₱558,108	₱535,236	₱524,330

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 March 31 consists of:

	2021	2020	2019
Provision for impairment on:			
Input tax – 6	(₱72,996)	(₱73,775)	(₱71,003)
Unrealized foreign exchange loss – 11	(44,198)	(33,916)	(16,750)
Interest income – 5	93	-	116
	(₱117,101)	(₱107,691)	(₱87,637)

14. INCOME TAXES

Current and deferred tax

On May 24, 2005, Republic Act (RA) No. 9337 changed the normal corporate income tax rate from 32% to 35% effective November 1, 2005 and from 35% to 30% effective January 1, 2009.

On December 20, 2008, Revenue Regulations No.16-2008 on the Optional Standard Deduction (OSD) was published. The regulation prescribed the rules for the OSD application by corporations in the computation of their final taxable income. For corporations, OSD shall be 40% based on gross income; "cost of goods sold" will be allowed to be deducted from gross sales. For taxable period 2008, maximum 40% deduction shall only cover the period beginning July 6, 2008. However, July 1, 2008 shall be considered as the start of the period when the 40% OSD may be allowed.

On February 26, 2010, RR 2-2010 on the amendment of Section 6 and 7 of RR 16-2008 was published. The regulation amended the other implications of the OSD particularly on the election to claim either the OSD or the itemized deduction which must be signified in the first quarter and must be consistently applied for all the succeeding quarterly returns and in the final income tax return for the taxable year.

The Company did not avail of the OSD for purpose of income tax calculation.

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 are determined using the income tax rates in the periods the temporary differences are expected to be recovered or settled.

15. LOSS PER SHARE

The following table presents information necessary to calculate the loss per share as of September 30:

	2021	2020	2019
Net loss for the period	(P675,209)	(P642,927)	(P611,967)
Weighted average number of common shares outstanding during the period	1,171,486,871	1,171,486,871	1,171,486,871
	(P0.0006)	(P0.0005)	(P0.0005)

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
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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:

March 31, 2021					
		Basis for recognizing ECL	Gross carrying amount	Loss Allowance	Net carrying amount
Cash in bank	(a)		₱265,410	₱-	₱265,410
Advances to related parties	(b)	Lifetime ECL	468,108,694	(221,205,384)	246,903,310
			₱468,372,104	(₱221,205,384)	₱247,166,720

March 31, 2020					
		Basis for recognizing ECL	Gross carrying amount	Loss Allowance	Net carrying amount
Cash in bank	(a)		₱273,247		₱273,247
Advances to related parties	(b)	Lifetime ECL	470,645,131	(221,205,384)	249,439,747
			₱470,918,378	(₱221,205,384)	₱249,816,389

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.

On that basis, the loss allowance as at December 31, 2020 and 2019 was determined based on Company's credit risk grading framework, as follows for advances to related parties:

December 31, 2020	ECL rate	Cash in bank	Advances to related parties	Total	ECL
Performing	0%	P 625,346	P 296,906,993	P 297,532,339	P49,574,308*
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
		P 625,346	P 468,538,069	P 469,163,415	P221,205,384

December 31, 2019	ECL rate	Cash in bank	Advances to related parties	Total	ECL
Performing	0%	P 215,276	P 299,813,620	P300,028,896	P49,574,308*
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
		P 215,276	P471,444,696	P471,659,972	P221,205,384

*ECL represents 15% of P330,495,385 (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 March 31, 2021 and 2020, 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:

March 31, 2021	Total	On Demand	Less than 3 months	3 to 12 months	1 to 5 years
Accounts payable and other liabilities	₱180,100	₱-	₱-	₱180,100	₱-
Lease Liability	160,373	-	-	118,567	41,806
Advances from related parties	4,026,372	-	-	-	4,026,372
	₱4,366,845	₱-	₱-	₱298,667	₱4,068,178

**excluding government liabilities*

March 31, 2020	Total	On Demand	Less than three months	3 to 12 months	1 to 5 years
Accounts payable and other liabilities	₱191,317	₱-	₱-	₱191,317	₱-
Lease Liability	40,090	-	-	40,090	-
Advances from related parties	4,232,683	-	-	-	4,232,683
	₱4,464,090	₱-	₱-	₱231,407	₱4,232,683

**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 ₱4,026,372 and ₱4,232,683 as at March 31, 2021 and 2020, 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 accrued and other payables 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 March 31, 2021 and 2020 were as follows:

	2021	2020
Debt	₱4,426,471	₱4,482,550
Less: Cash	265,410	273,247
Net debt	4,161,061	4,209,303
Equity	340,323,998	327,100,211
Gearing ratio	1.22%	1.29%

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 March 31, 2021 and 2020, 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 March 31, 2021 and 2020 as follows:

	Balance as at January 1, 2021	Effect of foreign exchange rates	New Leases	Changes from financing cash flow	Balance as at March 31, 2021
Advances from a related party	₱3,982,175	₱44,198	₱-	₱-	₱4,026,372
Lease liability	160,373	-	-	-	160,373
	₱4,142,548	₱44,198	₱-	₱-	₱4,186,746

	Balance as at January 1, 2020	Effect of foreign exchange rates	New Leases	Changes from financing cash flow	Balance as at March 31, 2020
Advances from a related party	₱4,198,767	₱33,915	₱-	₱-	₱4,232,682
Lease liability	40,090	-	230,283	(110,000)	160,373
	₱4,238,857	₱33,915	₱230,283	(₱110,000)	₱4,393,055

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 March 31, 2021	Fair Value as at March 31, 2020	Fair Value at hierarchy	Valuation techniques
Financial Assets at FVOCI	₱31,623,828	₱16,062,897	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.

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 ₱65,711,573 as at March 31, 2021 and 2020 are carried at cost less impairment loss since there was no reliable basis for the measurement of the fair value.

19. EVENTS AFTER REPORTING PERIOD

On January 27, 2021, The Philippine Interpretations Committee (PIC) has released PIC Q&A 2020-07, *PAS 12 – Accounting for the Proposed Changes in Income Tax Rates under the CREATE Bill*. Under the PIC Q&A 2020-07, the CREATE Bill is not considered substantively enacted as at December 31, 2020, given the following circumstances as of said date:

- Congress as the legislative body and the President representing the executive body of the Government are separate and independent from each other;
- The bill is still pending with the bicameral committee of Congress and consequently not yet submitted to the President of the Philippines;
- Upon submission to the President of the Philippines, he may either approve it or exercise his veto power to stop the enactment of the bill;
- In case the bill is vetoed by the President, Congress may not be able to garner the required two-thirds vote to overturn the presidential veto.

On March 26, 2021, the Republic Act (RA) 11534, known as "The Corporate Recovery or 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:

- 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;
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 20, 2023;

The impact of the CREATE Act in the Company's financial statements as at and for the year ended December 31, 2020 are as follows:

	National Internal Revenue Code (NIRC) of 1997	CREATE Law*	Impact of CREATE Law
<u>Statement of Financial Position</u>			
Deferred tax assets	₱ 9,215,843	₱ 7,679,455	₱1,536,388
Unrecognized DTA	(9,167,731)	(7,639,362)	(1,528,369)
Deferred tax liability	(46,057)	(38,380)	7,677
<u>Statement of Comprehensive Income</u>			
Provision for income tax - current (MCIT)	4,944	3,708	1,236
Provision for income tax – deferred	(863)	(520)	(343)

*Starting July 1, 2020, RCIT is at 25% and MCIT at 1%

20. 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 March 31, 2021 and 2020.

b) Input value-added tax

	2020	2020
At beginning of year	₱2,236,548	₱2,034,384
Current purchases and payments for:		
Goods other than for resale or manufacture	-	-
Domestic purchases of services	72,996	73,775
	₱2,309,542	₱2,108,159

c) Taxes on importation

The Company has no import transactions for the quarters ended March 31, 2021 and 2020.

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 March 31, 2021 and 2020.

f) Taxes and licenses

The Company does not have taxes and licenses expenses for the quarters ended March 31, 2021 and 2020.

	2021	2020
Business Permits	₱17,481	₱18,536
Corporate Community Tax	680	660
BIR Annual Registration	500	500
	₱18,661	₱19,696

g) Withholding taxes

The details of total withholding taxes for the quarters ended March 31 are shown below:

	2021	2020
Withholding tax on compensation	₱-	₱-
Expanded withholding tax	25,875	15,250
Final withholding tax	-	-
	₱25,875	₱15,250

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.

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APPENDIX A – FINANCIAL SOUNDNESS

	March 31, 2021	March 31, 2020	December 31, 2020
Profitability ratios:			
Return on asset	N/A	N/A	N/A
Return on equity	N/A	N/A	N/A
Net profit margin	N/A	N/A	N/A
Solvency and liquidity ratios:			
Current ratio	0.99:1	1.34:1	1.43:1
Debt to equity ratio	0.01:1	0.01:1	0.01:1
Quick ratio	0.85:1	1.14:1	1.35:1
Cash-flow liquidity ratio	(2.53)	(3.10)	(5.59)
Financial leverage ratio:			
Asset to equity ratio	1.01:1	1.01:1	1.01:1
Debt to asset ratio	0.01:1	0.01:1	0.00:1
Interest rate coverage ratio	N/A	N/A	N/A