CR06001-2024

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   - ○ Preliminary Information Statement
   - ◉ Definitive Information Statement
2. Name of Registrant as specified in its charter
   BASIC ENERGY CORPORATION
3. Province, country or other jurisdiction of incorporation or organization
   MANDALUYONG CITY
4. SEC Identification Number
   36359
5. BIR Tax Identification Code
   000-438-702-000
6. Address of principal office
   GM Building, Florida St., Barangay Wack-Wack, Greenhills East, Mandaluyong City
   Postal Code
   1556
7. Registrant's telephone number, including area code
   (+63) 7917-8118
8. Date, time and place of the meeting of security holders
   Sep 18, 2024 at 3:00 P.M. principal office via remote communication
9. Approximate date on which the Information Statement is first to be sent or given to security holders
   Aug 28, 2024
10. In case of Proxy Solicitations:

    Name of Person Filing the Statement/Solicitor
    none
    Address and Telephone No.
    n/a

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common shares	14,688,643,064

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

(•) Yes ( ) No

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

Philippine Stock Exchange

BASIC ENERGY CORPORATION

Basic Energy Corporation
BSC

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting
References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	Sep 18, 2024
Type (Annual or Special)	Annual
Time	3:00 PM
Venue	Principal Office via Remote Communication
Record Date	Aug 29, 2024

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Aug 29, 2024
End date	Sep 18, 2024

Other Relevant Information
Please see attached Definitive Information Statement and other attachments

Filed on behalf by:

Name	Dominique Pascua
Designation	Compliance Officer

Notice is hereby given that the Annual Stockholders' Meeting will be held on **Wednesday, September 18, 2024** at **3:00** in the afternoon.

The agenda for the said meeting shall be as follows:

1. Call to Order
2. Certification of Notice of Meeting and Existence of Quorum
3. Approval of the Minutes of the Stockholders' Meeting held on September 20, 2023
4. Presentation of the 2023 Annual Report with highlights of the 2023 Consolidated Audited Financial Statements
5. Ratification of Acts of the Board of Directors and Management for 2023
6. Election of Directors for 2024-2025
7. Appointment of External Auditors for the 2024 Financial Statements
8. Other Matters
9. Adjournment

The annual stockholders meeting shall be held via remote communication, where stockholders may participate and vote in absentia, using the link that will be posted at the Corporation's website: www.basicenergy.ph. Stockholders who wish to participate in the meeting via remote communication may contact jbbeltran@basicenergy.ph. As required under SEC regulations, there will be audio and visual recordings of the meeting for future reference. The processes for the registration, participation and voting by stockholders are attached as Annex A hereof.

Only stockholders of record at the close of business on August 29, 2024 are entitled to notice of, and to vote at this meeting. For this purpose, the stock and transfer book of the Corporation shall be closed from August 29, 2024 to September 18, 2024.

Should you wish to authorize a representative to attend the meeting in your behalf, please accomplish the attached Proxy Form (Annex B) and email a copy to jbbeltran@basicenergy.ph,on or before 5:00 pm on September 6, 2024. You may mail or deliver the hard copy of same to the Corporation at GM Building, Florida St., Barangay Wack-Wack, Greenhills East, Mandaluyong City. Validation of proxies will be on September 13, 2024 at 3:00 p.m. at GM Building, Florida St., Barangay Wack-Wack, Greenhills East, Mandaluyong City.

You may access the 2024 Definitive Information Statement, the 2023 Management Report, SEC Form 17-A for 2023 and other pertinent or related documents from the Corporation's website at www.basicenergy.ph or at the PSE Edge, or you may also request copies thereof from the Corporation. A copy of the Minutes of the 2023 Annual Stockholders Meeting are available for your perusal at the Corporation's website at www.basicenergy.ph. We look forward to your attendance at the Annual Stockholders' Meeting.

Gwyneth S. Ong
Corporate Secretary

EXPLANATION OF AGENDA ITEMS

Proof of notice and determination of quorum

The Company has established a designated page on its website in order to facilitate the registration of and voting in absentia by stockholders at the annual meeting, as allowed under Sections 23 and 57 of the Revised Corporation Code. A stockholder or member who participates through remote communication and votes by proxy shall be deemed present for purposes of quorum.

The Corporate Secretary will certify the date the notice of the meeting was published as required by the Securities and Exchange Commission.

The complete guidelines for voting in absentia is found on the attached Annex A.

Approval of the Minutes of the Stockholders' Meeting held on September 20, 2023

The minutes of the meeting held on September 20, 2023 are posted at the Company website, www.basicenergy.ph

Presentation of the 2023 Annual Report with highlights of the 2023 Consolidated Audited Financial Statements

The President, Mr. Luisito Poblete, will deliver a report to the stockholders on the performance of the Company in 2023 and the outlook for 2024. The financial statements as of December 31, 2023 and the Interim Financial Statements as of June 30, 2024 (FS) are attached in the Information Statement.

A copy of SEC Form 17-A is uploaded to the Company's Website at [www.basicenergy.ph] and PSE EDGE under Company Disclosures.

Ratification of Acts of the Board of Directors and Management for 2023

A summary of the acts of the Board of Directors and Management are attached as Annex D of the Definitive Information Statement and are likewise disclosed in PSE EDGE under Company Disclosures.

Election of Directors for 2024-2025

Each stockholder entitled to vote may cast the votes to which the number of shares he owns entitles him, for as many persons as there are to be elected as directors, or he may give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of Directors to be elected. The eleven nominees receiving the highest number of votes will be declared elected as directors of the company.

Please refer to the attached Annex A for the complete guidelines on voting.

Appointment of External Auditors for the 2024 Financial Statements

Reyes Tacandong & Co., independent auditors, will be recommended to be appointed as the external auditor of the Company for the ensuing year. Representatives of Reyes Tacandong & Co. are expected to be present at the Annual Meeting.

A resolution for the election of the external auditor will be presented to the stockholders for adoption by the affirmative vote of stockholders representing a majority of the voting stock present at the meeting.

Other Matters

The Chairman will answer questions on matters concerning the Agenda, the Information Statement and the Management Report sent via the voting website.

Annex A

REQUIREMENTS AND PROCEDURES FOR VOTING IN ABSENTIA AND PARTICIPATION VIA REMOTE COMMUNICATION AT THE ANNUAL STOCKHOLDERS MEETING OF BASIC ENERGY CORPORATION

I. Participation and Voting In Absentia of Stockholders

Stockholders of Basic Energy Corporation ("the Company") as of August 29, 2024 ("Stockholders") may participate and exercise their right to vote on the agenda items in the 2024 Annual Stockholders Meeting (ASM) of the Company, to be held on September 18, 2024 at 3:00 pm by remote communication and voting in absentia. Voting in absentia means that stockholders shall have the opportunity to vote during the ASM without being physically present during the meeting.

II. Registration of Stockholders and Proxy Holders

a. The right to participate and to vote are subject to the successful registration of the Stockholders with the Company's Stockholders Registration platform posted at the Company's website www.basicenergy.ph. The registration will run from August 9, 2024, up to 5:00pm on September 6, 2024. After this latter date, stockholders will no longer be allowed participate by remote communication nor vote in absentia at the ASM.

b. To register, the Stockholder and Proxy Holders shall be requested to create a Log In Account and provide the items enumerated below to prove his/her identity and his/her right to participate and vote in the ASM:

1) Stockholder Name (First Name, Middle Name and Last Name);
2) Complete address;
3) E-mail address;
4) Contact number;
5) Digital copy of the front and back portions of the Stockholder's two (2) valid government-issued IDs (in JPG format) (which shall be attached to the registration from);
6) If the Stockholder has issued a Proxy in favor of another person, the proxy holder shall likewise input under his name items 1) to 5) above; and
7) If the Stockholder who has issued a Proxy is a corporate entity, the digital copy of the Stockholder's Secretary's Certificate and Proxy shall be attached to the registration form.

c. The Company reserves its right to require additional personal data or documents to ensure the identity and validate the right of the Stockholder or his/her Proxy to participate and vote in the ASM. At all times, the right of the Stockholder to the privacy of his/her personal data as provided in the Data Privacy Act shall be ensured.

d. The Stockholder and his/her proxy shall be advised by email acknowledging his/her registration, or should there be additional requirements needed by the Company.

e. The registration data and other requirements shall be validated by the Company upon submission of the complete registration requirements and not later than three (3) business days prior to the ASM.

f. Upon successful registration, the Stockholder, or his/her proxy, will be given access to the ASM live stream and will be required to log-in to his/her Account and his/her successful log-in shall be considered as attendance in the ASM and shall be considered in the determination of quorum in the ASM.

III. Participation Via Remote Communication

a. Only the stockholders, or their proxies, who have successfully registered with, and have logged in at the Company's website may be given access to the ASM livestream video service that will allow Stockholders or their proxies to participate in the ASM.

b. The Company will provide mechanisms to ensure that stockholders or their proxies shall have the opportunity to participate in the ASM, including the ability to read the presentations and hear substantially the discussions during the ASM.

c. Stockholders or their proxies may raise questions and clarifications on the agenda items.

d. Proceedings of the meeting shall be recorded. Stockholders may request for access to the recorded webcast of the ASM by sending an email request to the Company via jbbeltran@basicenergy.ph.

IV. Voting Procedures

a. All agenda items indicated in the Notice of the Meeting will be set out in the digital absentee ballot and the registered Stockholder, or his/her proxy, may vote as follows:

   1) For items other than the election of Directors, the registered Stockholder, or his/her proxy, will have the options to vote "Approve," "Disapprove," or "Abstain" or "Vote Withheld". The vote is considered cast for all the registered stockholder's shares.
   2) For the election of Directors, the registered stockholder, or his/her proxy, may vote for all nominees or cumulate his vote for one or some of the nominees provided that the total number of allowable votes will not exceed the number of shares multiplied by the number of Board seats (Number of Shares x 11 Directors= Number of Voting Shares).

b. Once the registered Stockholder, or his/her proxy, has finished voting on the Agenda items, he/she can proceed to submit his/her electronic ballot by clicking the 'Submit' button. After the electronic ballot has been submitted, the registered Stockholder or his/her proxy may no longer change his/her vote.

c. The integrity and secrecy of votes shall be protected. As such, all votes received will be tabulated and validated by the Office of the Corporate Secretary. The external auditors may also be present to validate the results.

d. The Corporate Secretary shall report the results of voting during the meeting.

(Nothing Follows)

Annex B

Proxy Form

The undersigned stockholder of **BASIC ENERGY CORPORATION** (the “Corporation”), hereby appoints ___________________________________ or, in his absence, the Chairman of the Board, or in the latter’s absence, the President of the Corporation, as proxy to represent and vote all shares registered in the name of the undersigned at the Annual Meeting of the stockholders of the Corporation scheduled on September 18, 2024 at 3:00 P.M., and any postponements or adjournments thereof, hereby ratifying and confirming all actions taken by said proxy on matters which may properly be taken up at such meeting, its postponements or adjournments. In particular, the undersigned hereby directs the proxy to vote the shares on the following agenda items in the manner indicated below, or if not so indicated, the proxy shall exercise full discretion in acting thereon.

AGENDA ITEM		**ACTION**			
		Approve	Disapprove	Abstain	
1.	Approval of the Minutes of the Stockholders’ Meeting held on September 20, 2023				
2.	Approval of the 2023 Annual Report and Approval of the 2023 Consolidated Audited Financial Statements				
3.	Ratification of Acts of the Board of Directors and Management for 2023				
4.	Election of Directors				Authority to Vote Withheld
	Oscar L. de Venecia, Jr.				
	Manuel Z. Gonzalez				
	Luisito V. Poblete				
	Beatrice Jane L. Ang				
	Ramon L. Mapa				
	Jaime J. Martirez				
	Maria Rosette Geraldine L. Oquias				
	Oscar S. Reyes				
	Kim S. Jacinto-Henares (Independent Director)				
	Andres B. Reyes, Jr. (Independent Director)				
	Gil A. Buenaventura (Independent Director)				
7	Appointment of Reyes Tacandong & Co. as External Auditors				

The above-named director-nominees were screened and pre-qualified in accordance with the Corporation’s Manual of Corporate Governance and SEC Memorandum Circular No. 19, series of 2016.

Signed this ___________, 2024 at _________________.

Name of Stockholder: _____________________________________
Signature of Stockholder/Authorized Representative: _____________________________________
Note: For corporate stockholders, please attach a notarized copy of the Corporate Secretary’s Certificate authorizing the issuance of the proxy form and designating the authorized representative

of the corporation who will sign the proxy form, together with a copy of a valid ID of the designated authorized representative. For individual stockholders, please attach a copy of a valid ID of the designated authorized representative/proxy.

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

1. Check the appropriate box:

   __ Preliminary Information Statement
   _x_ Definitive Information Statement
   __ Additional Materials

2. Name of Registrant as specified in its charter __**Basic Energy Corporation**_

3. Incorporated in the Philippines ____
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: _____**36359**_________

5. BIR Tax Identification Code: _____**000-438-702**___

6. **GM Building, Florida St., Brgy. Wack Wack, Greenhills East, Mandaluyong City, 1555**

   Address of principal office — Postal Code

7. Registrant's telephone number, including area code **+63(2) 3224-4383**________

8. Date, time and place of the meeting of security holders

   Date and Time: **September 18, 2024 at 3:00 P.M.**
   Place: via remote communication hosted at the Company's principal office

9. Approximate date on which the Information Statement is first to be sent or given to the security holders. **On or before August 28, 2024.**

10. Name of Persons other than the Registrant Filing Proxy Statement : **Not Applicable**

11. Securities registered pursuant to Sections 8 and 12 of the Code (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	14,668,643,064 14,218,643,064 (Listed)

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

    Yes __✓__ No ____

    If so, disclose name of the Exchange: **The Philippine Stock Exchange, Inc**.________

PART I

A. GENERAL INFORMATION

ITEM I. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

The 2024 Annual Meeting of Stockholders of BASIC ENERGY CORPORATION (the "Corporation") will be held on Wednesday, **September 18, 2024** at 3:00 P.M. via remote communication, the link to which, to enable stockholders to register, participate and vote in the meeting, shall be provided by the Company, through the published notices of the meeting to stockholders or at the Company's website.

RECORD DATE

The record date for the purpose of determining stockholders entitled to notice of, and to vote at, the Annual Stockholders Meeting is August 29, 2024.

APPROXIMATE DATE OF RELEASE OF INFORMATION STATEMENT AND PROXY FORM

Date: August 28, 2024

ITEM II – DISSENTERS' RIGHT OF APPRAISAL

The appraisal right of dissenting stockholders is governed by Sec. 80-85 of the Revised Corporation Code, which provide as follows:

The appraisal right may be exercised by any stockholder who shall have voted against (1) an amendment to the Articles of Incorporation that changes or restricts the rights of any stockholder or class of shares, or authorizes preferences in any respect superior to the outstanding shares of any class, or extends or shortens the corporate existence; (2) a sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; (3) a merger and consolidation; and (4) investment of corporate funds for any purpose other than the primary purpose of the corporation. The dissenting stockholder who votes against any of the aforementioned proposed corporate action shall make a written demand on the corporation for payment of the fair value of his share(s), within thirty (30) calendar days from the date on which the vote was taken. Failure to make the written demand within such period shall be deemed a waiver of the appraisal right.

If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate/s of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made. No payment shall be made to any withdrawing stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment. Upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

From the time of the demand for the payment of the fair value by the dissenting stockholder until either the abandonment of the corporate action involved or the purchase of the shares by the corporation, all rights accruing to such shares, including voting and dividend rights shall be suspended. However, if the dissenting stockholder is not paid the value of his shares within the said 30 days after the award, his voting and dividend rights shall immediately be restored.

The right of the dissenting stockholder to be paid the fair value of his shares shall cease: (i) if the demand for payment is withdrawn by the stockholder with the consent of the corporation (ii) if the corporate action involved is abandoned or rescinded by the corporation or is disapproved by the Securities and Exchange Commission (SEC) where such approval is necessary; or (iii) if the SEC determines that the stockholder is not entitled to appraisal rights. In such cases, the status as stockholder shall be restored and all dividend distributions which would have been accrued on the shares shall be paid to the stockholder.

ITEM III - INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or officer of the Corporation or nominee for election as director, or officer of the Corporation, or past director or officer of the Corporation at anytime since the beginning of the last fiscal year, and to the best knowledge of the Corporation, no associate of a director or officer or nominee for election as director or officer of the Corporation has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon at the Annual Meeting of Stockholders, other than the election as directors of the incumbent directors.

The Corporation has not received any information from a director or nominee-director of the Corporation, either verbally or in writing of his/her intention to oppose any action to be taken by the Corporation at the annual stockholders meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM IV - VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

a) **Number of common shares** – 14,668,643,064 common shares as of June 30, 2024. The Corporation has only one class of shares, which are common shares. Of these outstanding shares, 91,955,015 shares (or 0.63%) are held by foreigners as of June 30, 2024. Each share is entitled to one vote, subject to cumulative voting, as explained below. There are no restrictions that limit the payment of dividends on common shares.

b) **Record Date** – August 29, 2024

c) **Voting Rights** - At the annual meeting of stockholders, every stockholder entitled to vote shall have the right to vote the number of shares of stocks standing in his own name in the stock books of the corporation at the time of the meeting. In the election of directors, a stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit, provided that the total number of votes cast shall not exceed the number of shares owned by the stockholder as shown in the books of the corporation multiplied by the whole number of directors to be elected. No delinquent stock shall be voted.

d) **Security Ownership of Certain Record and Beneficial Owners and Management**

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

The entities known to the Registrant to be directly or indirectly the record or beneficial owner of more than 5% of the Corporation's outstanding common shares as of June 30, 2024 are:

(1)Title of Class	(2)Name & Address of Record Owner &	(3) Name of Beneficial	(4)Citizen -ship of	(5) No. of Shares Held &	(6)Percentage

	Relationship with Issuer	Ownership and Relationship with Record Owner	Record Owner	Nature of Ownership (Record/ Beneficial)	
Common Shares	Map 2000 Development Corporation (M2DC)* Bldg. F, Phoenix Sun Business Park, E.Rodriguez Jr. Avenue, Brgy. Bagumbayan, Quezon City	Beneficial Owner: Rafaelito N. Villavicencio, Chairman of M2DC.	Filipino	9,827,990,853 (Record)	67.00%

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

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

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

The shares held by M2DC shall be voted by its duly designated proxy in the Proxy Form to be executed by M2DC and submitted prior to the deadline for proxy submission as indicated in the notice of the annual stockholders' meeting.

**Philippine Depository and Trust Corporation ("PDTC") is a wholly-owned subsidiary of the Philippine Central Depository, Inc. ("PCD"), which acts as trustee-nominee for all shares lodged in the PCD system. It was formerly known as the PCD Nominee Corporation. The beneficial owner of such shares are the PCD's participants who hold the shares on their behalf or on behalf of their clients. Under a master Proxy Form to be executed by PDTC, the PCD participants are named as sub-proxies, who in turn shall submit their respective Proxy Forms before the deadline for proxies as required in the notice of the annual stockholders meeting, indicating their duly designated representatives who shall vote for the shares held by their respective clients, when so authorized by them.

PCD is a private corporation organized to implement an automated book entry system of handling securities transactions in the Philippines. Under the PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, the PCD shall execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal security account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients.

As of July 31, 2024, out of the 14,668,643,064 issued and outstanding shares of the Corporation, 4,384,263,840 shares (or 29.88%) are held by the public, while 14,611,656,898 shares equivalent to 99.61% are held by Filipino citizens and 56,986,166 shares equivalent to 0.39% are held by foreigners.

(2) **Security Ownership of Directors and Key Officers**

The following are the number of common shares known to the Corporation to be owned beneficially and/or of record by the directors/nominees and key officers of the Corporation, and the percentage of shareholdings of each, as of July 30, 2024

DIRECTORS

Title of Class	Name of Beneficial Owner	Amount of Beneficial Ownership & Relationship w/ Beneficial Owner		Citizenship	Percentage
Common	Ramon L. Mapa	268,311 (direct) 9,184,249 (indirect)		Filipino	0.09%
Common	Oscar L. de Venecia, Jr.	200,000 (direct) 42,519,000 (indirect)		Filipino	0.32%
Common	Jaime J. Martirez	0 (direct) 17,500,000 (indirect)		Filipino	3.19%
Common	Luisito V. Poblete	10,000 (direct) 0 (indirect)		Filipino	0%
Common	Beatrice Jane L. Ang	1,000 (direct) 150,944,248 (indirect)		Filipino	1.03%
Common	Andres B. Reyes, Jr.	10,000 (direct) 0 (indirect)		Filipino	0%
Common	Manuel Z. Gonzalez	1 (direct) 0 (indirect)		Filipino	0%
Common	Maria Rosette Geraldine L. Oquias	1 (direct) 0 (indirect)		Filipino	0%
Common	Kim S. Jacinto-Henares	1 (direct) 0 (indirect)		Filipino	0%
Common	Gil A. Buenaventura	10,000 (direct) 0 (indirect)		Filipino	0%
Common	Oscar S. Reyes	10.000 direct) 7,500,000(indirect)		Filipino	0.05%
	TOTAL	**Direct**	**Indirect**		**4.66%**
		509,314	227,647,497		
		228,156,811			

KEY OFFICERS

Title of Class	Name of Beneficial Owner	Amount of Beneficial Ownership & Relationship w/ Beneficial Owner	Citizenship	Percentage
	Alain S. Pangan	0	Filipino	**0%**
	Darius A. Marasigan	0	Filipino	**0%**
	Gwyneth S. Ong	0	Filipino	**0%**
	Janice L. Co	0	Filipino	**0%**
	Dominique P. Pascua	0	Filipino	**0%**
	Julianne B. Beltran	0	Filipino	**0%**

	TOTAL	0		0%

Number of Shareholders

The Company has only one (1) class of shares - common shares. The total number of holders of common shares of the Company is 6,502 stockholders, as of July 31, 2024.

Market Information

The shares of stock of the Company are traded in the Philippine Stock Exchange. The Company's high and low closing prices for each quarter of years 2022 and 2023, and the first and second quarter of 2024, are as follows:

	High			Low		
	2024	**2023**	**2022**	**2024**	**2023**	**2022**
1st Quarter	0.247	0.375	0.630	0.167	0.250	0.350
2nd Quarter	0.172	0.275	0.470	0.135	0.210	0.350
3rd Quarter		0.238	0.435		0.177	0.290
4th Quarter		0.247	0.320		0.174	0.260

The last trading price of shares of the Company at close of trading as of August 19, 2024 was Php 0.145 per share, with a high of Php 0.146 per share and a low of Php 0.145 per share.

Top 20 Stockholders as of June 30, 2024:

NAME	NUMBER OF SHARES HELD	PERCENTAGE (To the Total Outstanding Shares)
PCD Nominee Corporation Filipino - 13,946,147,926 Non-Filipino - 87,553,074	14,033,701,000	95.671%
Ecology Energy Corporation	450,000,000	3.067%
Samuel Uy	10,000,000	0.068%
Horacio Rodriguez	4,408,523	0.030%
Christine Chua	3,149,221	0.021%
East West Commodities, Inc.	3,019,498	0.020%
PAIC Securities Corporation	2,025,906	0.013%
Northwest Securities, Inc.	1,977,273	0.013%
Santiago Tanchan	1,940,398	0.013%
Joseph D. Ong	1,602,391	0.010%
Phases Realtors Inc.	1,516,002	0.010%
Victoria Duca	1,363,249	0.009%
Aquatic Ranch Development Corp	1,353,080	0.009%
F. Yap Securities, Inc	1,317,969	0.009%
Victoria Duca	1,279,962	0.008%
David Go Sec.Corp	1,262,676	0.008%
Ricardo Ng	1,185,000	0.008%
Christodel Phils, Inc.	1,173,745	0.008%
Chung Guat Tioc	1,170,000	0.008%
Kensington Management Corporation	1,165,427	0.007%

Voting Trust Holders of 5% or more

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

Changes in Control

Last December 18, 2020, the Corporation and Map 2000 Development Corporation (M2DC) executed a Memorandum of Agreement covering the subscription by M2DC to Nine Billion Eight Hundred Twenty Seven Million Nine Hundred Ninety Thousand Eight Hundred Fifty Three (9,827,990,853) primary shares of stock of BEC to be issued out of the increase in the authorized capital stock (ACS) of the Corporation from Php2.5 Billion to Php5.0 Billion, representing 67% of the issued and outstanding capital stock of the BEC post-increase. The subscription was subject to the fulfillment of certain conditions, including the approval by the Securities and Exchange Commission (SEC) of the application for said increase in ACS.

On September 10, 2021, the SEC approved the increase in the authorized capital stock of the Corporation to Php 5 Billion and the subscription of M2DC to 9,827,990,853 shares was recorded in the books of the Corporation. As of said date, the said subscribed shares of M2DC represent 67% of the total outstanding capital stock of the Corporation, more than majority control of the Corporation.

Recent Sales of Unregistered or Exempt Securities

a. Delinquent Shares Auctioned to Ecology Energy Corporation

Of the 1,462,500,000 shares subscribed in 2007 to support the capital increase of the Company in 2007 from Php 500 Million to Php2.5 Billion, 990,000,000 shares have been paid. The remaining 472,500,000 shares were declared delinquent as of June 10, 2021 and were auctioned on August 23, 2021. Only 22,500,000 shares (the "auctioned shares") were sold to three (3) winning bidders at said auction sale. The total amount of the winning bids for the auctioned shares in the amount of Php6,122,736.16 were paid on August 23, 2021. The request for confirmation of exemption from registration of these 22,500,000 shares under Section 10.1 (c) of the Securities Regulation Code, as amended, has been submitted to SEC, and the application for listing of these shares has been submitted to PSE. The 22,500,000 shares have been listed last May 23, 2023.

The remaining 450,000,000 shares, previously declared delinquent, were auctioned, and sold to Ecology Energy Corporation, the winning bidder. On October 27, 2023, the Corporation and Ecology Energy Corporation executed the Subscription Agreement for the Auctioned Shares. The Auctioned Shares were sold for Php129,982,336.67, inclusive of the subscription price at par value, as well as all accrued interest, advertisement costs, and auction expenses.

Dividend Policy

As of date, the company does not have a dividend policy. Currently, the Company is focused on identifying viable projects in order to increase shareholder value.

ITEM V - DIRECTORS AND EXECUTIVE OFFICERS

The following are the directors of the Corporation as of June 30, 2023:

Name	Length/Period of Service
Manuel Z. Gonzalez	May 12, 2021 up to the present

Oscar L. de Venecia, Jr.	1999-2006; March 30, 2007 up to the present
Luisito V. Poblete	January 2, 2023 up to the present
Beatrice Jane L. Ang	October 23, 2020 to the present
Ramon L. Mapa	1976 up to the present
Jaime J. Martirez	October 10, 2007 up to the present
Maria Rosette Geraldine L. Oquias	May 12, 2021 up to the present
Kim S. Jacinto-Henares	May 12, 2021 up to the present
Andres B. Reyes, Jr.	November 26, 2020 up to the present
Gil A. Buenaventura	January 5, 2024 up to the present
Oscar S. Reyes	June 27, 2024 up to the present

Each director of the Corporation holds office for a one (1) year term beginning on the date of his election and expiring at the annual meeting of stockholders next after his election and until his successor shall have been elected and qualified.

NOMINATION OF DIRECTORS AND INDEPENDENT DIRECTORS

The process for the nomination and election of directors are attached as Annex A hereof.

The Board of Directors of the Corporation, upon endorsement of the Nominating Committee composed of Atty. Manuel Z. Gonzalez, as Chairman, with Mr. Oscar L. De Venecia, Jr., Mr. Ramon Mapa, Mr. Luisito V. Poblete, and Ms. Kim S. Jacinto-Henares (independent director) as members, has approved, in its meeting held on June 20, 2024, the nomination of the following as directors for election at the annual meeting of stockholders:

Manuel Z. Gonzalez (incumbent director)
Oscar L. de Venecia, Jr. (incumbent director)
Luisito V. Poblete (incumbent director)
Beatrice Jane L. Ang (incumbent director)
Ramon L. Mapa (incumbent director)
Jaime J. Martirez (incumbent director)
Maria Rosette Geraldine L. Oquias (incumbent director)
Gil A. Buenaventura (incumbent independent director)
Kim S. Jacinto-Henares (incumbent independent director)
Andres B. Reyes, Jr. (incumbent independent director)
Oscar S. Reyes (director)

From the above nominees, the following were nominated as Independent Directors:

Gil A. Buenaventura (incumbent director)
Kim S. Jacinto-Henares (incumbent director)
Andres B. Reyes, Jr. (incumbent director)

The Nominating Committee has determined that all the nominees possess all the qualifications and have none of the disqualifications for directorship as prescribed in the Corporation's By-Laws and Manual of Corporate Governance. None of the directors and officers of the Corporation are connected with any government instrumentality, agency or office.

For the purpose of electing the independent directors, the Nominating Committee adopted the independence criteria set out in the Corporation's Manual of Corporate Governance, Section 38 of the Securities Regulation Code and the Code of Corporate Governance for Publicly Listed Companies. The independent directors-nominees, namely: Gil A. Buenaventura, Kim S. Jacinto-Henares, and Andres B. Reyes, Jr., are likewise Independent Directors of the subsidiaries of the Corporation and are not officers or employees of the Corporation nor any of its subsidiaries, and are free from any business or other relationship with the Corporation which could or could reasonably be perceived to materially interfere with the exercise of their independent judgments in carrying out their responsibilities as independent directors.

The nominees for election as independent directors of the Board of Directors were nominated, as follows:

Nominee	Nominating Party	Relationship
Kim S. Jacinto-Henares	Oscar L. de Venecia, Jr.	none
Gil A. Buenaventura	Oscar L. de Venecia, Jr.	none
Andres B. Reyes, Jr.	Oscar L. de Venecia, Jr.	none

None of the above directors declined to stand for election to the Board of Directors because of any disagreement with the Corporation or any matter relating to the Corporation's operations, policies or practices.

Board Committees

The present members of the Audit Committee, which reviews the audit plans, reports and findings of the internal and external auditors of the Corporation, among others, are:

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

The present members of the Risk Committee, which is in charge of identifying the risks involved in all project and investment proposals, assessing its impact on the Corporation and adopting policies for the management of these risks, are:

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

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

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

The present members of the Related Party Transaction Committee, which reviews compliance of the Corporation's related party transaction rules and policies and likewise PSE/SEC rules on the these transactions, are:

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

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

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

The present members of the Compensation and Remuneration Committee, which reviews the compensation and remuneration for directors and key executive officers, are:

Ramon L. Mapa	-	Chairman
Maria Rosette Geraldine L. Oquias	-	Member
Andres B. Reyes, Jr. (Independent Director)	-	Member
Beatrice Jane L. Ang	-	Member
Jaime J. Martirez	-	Member

The following are the officers of the Corporation as of June 30, 2024:

Oscar L. de Venecia, Jr.	Chief Executive Officer
Luisito V. Poblete	President & Chief Operating Officer
Alain S. Pangan	Vice President for Finance & Treasurer
Darius A. Marasigan	Business Development and Risk
Gwyneth S. Ong	Corporate Secretary
Janice L. Co	Assistant Corporate Secretary
Dominique P. Pascua	Compliance Officer
Julianne B. Beltran	Legal Counsel

BACKGROUND INFORMATION

The following are the names, ages, positions and length of service in the Corporation of the nominees for election as directors for 2024-2025, and present key officers of the Corporation, trainings and seminars and continuing education, and their business representations and experiences for the last five (5) years.

DIRECTORS

Manuel Z. Gonzalez, 59 years old, Filipino, is the Vice Chairman of the Board of Basic Energy Corporation. He was elected as director of the Corporation on May 12, 2021 and holds that position up to the present. He is a Senior Partner in the Martinez Vergara Gonzalez & Serrano Law Office since 2006 up to the present. Prior to co-founding MVGS Law, Atty. Gonzalez was a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006. Atty. Gonzalez has been involved in corporate practice for over 20 years and has extensive experience and has been recognized by “The Legal 500” for his practice in the areas of capital markets, energy, mergers & acquisitions and banking and finance. Atty. Gonzalez currently serves as Director and Corporate Secretary to many corporations including to companies in the Century Pacific Group since 1995, Nomura Holdings Philippines since 2006 and ADP (Philippines), Inc. since 2010.

He has attended continuing legal education programs required for the practice of law and a seminar on corporate governance in 2021. Atty. Gonzalez graduated cum laude with a Bachelor of Arts degree in Political Science and Economics from New York University and received a Bachelor of Laws from the University of the Philippines, College of Law.

Oscar L. De Venecia Jr., 56 years old, Filipino, is the second Vice Chairman and Chief Executive Officer of the Corporation. He was appointed as President & CEO of the Corporation in August, 2011. He has served the Corporation for twenty-two (22) years, holding various executive positions, namely, as SVP and COO from June,1997 up to June, 2001 and was the President and CEO from December, 2002 up to November, 2005. He is the President of Basic Biofuels Corporation and Basic Diversified Industrial Holdings, Inc., the Chairman and President of iBasic, Inc., director of Basic Consolidated International, Inc. and President of Southwest Resources, Inc.

He was the President of Forum Energy Philippines, Inc. from November 2005 to April 2007, Chairman and CEO of Blue Bamboo Solutions, Inc. from September, 2002 to December, 2005, a Consultant for Strategic Alliance Development Corporation from March, 2002 and moved as Business Development Manager of Stradcom Corporation from May to November, 2002. He was the President of the Rotary Club of Makati East for the Rotary Year 2010-2011, and is a member of the Management Association of the Philippines. He served as Honorary Vice Consul of the Consulate of Ukraine in the Philippines covering the Clark-Subic Economic Zone from February 2011 until October 2021.

He has attended corporate governance seminars arranged in-house and conducted by SGV & Co. from 2016 to 2019, and thereafter, in the corporate governance seminars conducted by the Institute of Corporate Directors up to 2021. He obtained his degree in Bachelor of Arts in Economics from Fordham University, New York City, in 1996.

Luisito V. Poblete, 65 years old, Filipino, is the President and Chief Operating Officer of the Company since January 2, 2023. He joined the Company as Chief Operating Officer in May 2, 2021. He started doing general management consultancy work from 2018. From 2016 to 2017, he was the President & Managing Director for Total (Philippines) Corporation and previous to that stint, he was the Vice President for Operations and HSEQ from 2013 to 2016 and the Vice President for Operations from 2002-2007. He was also assigned as Health, Safety and Environmental Manager from 2007 to 2009 and as Vice President for HSEQ and Technical from 2009 to 2013 at Total Oil Asia Pacific (Singapore Regional Office).

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

He attended the corporate governance seminar conducted by the Institute of Corporate Directors for new directors and officers of listed companies in December, 2021. He earned the degree of Bachelor of Science in Mechanical Engineering from the Mapua Institute of Technology and placed Eighth in the PRC Board of Examination for Mechanical Engineers in 1982.

Beatrice Jane L. Ang, 43 years old, Filipino, is a director of Basic Energy Corporation since October, 2020 up to the present. She is presently a Director and the Corporate Secretary of Quindecim Holdings, Inc., a venture providing for healthcare and related services, a position she held since 2017, and the Managing Director and Treasurer of BA Securities, Inc., from 2003 up to the present. She is also the Managing Director of CLMC Group of Companies, which is into manufacturing, import and export of telecommunication facilities, software development, information technology and real estate, among others, from 2003 up to the present. Her international diplomatic experience consists of her being presently the Honorary Consul Designate of the Honorary Consulate of Ukraine and the Special Assistant to the Consul of the Honorary Consulate of Tanzania. She was the Special Assistant to the Consul General of the Honorary Consulate of Peru from 2007 to 2010.

Her socio-civic work experience includes being the Administrator of the Buddhist Tzu Chi Medical Foundation Philippines, Inc. since 2019 to the present and the Commissioner of the Tzu Chi Buddhist

Compassion Relief Foundation from 1995 to the present. She is an active volunteer in Sagip Bayan Foundation, Inc. since 2006 to the present and has more than 20 years of social leadership experience in various institutions such as the Red Cross, UNICEF, Habitat for Humanity and other NGOs.

She has attended the seminar on corporate governance conducted by the Center for Global Best Practices last March 19, 2021, and the corporate governance seminar conducted by the Institute of Corporate Directors for directors of listed companies in December, 2021. She obtained her Bachelor of Science in Biology degree from the University of the Philippines in 2004, a Doctor of Medicine degree in 2011 from St. Luke College of Medicine and a Master of Business Administration in General Management in 2014 from the Northwestern University and Hongkong University of Science & Technology.

Kim S. Jacinto-Henares, 63 years old, Filipino, is an Independent Director of Basic Energy Corporation from May 12, 2021 to the present. She is currently a Director of Reg Tek, Inc. and serves as Senior International Advisor/Consultant to various groups and projects, like Albright Stonebridge Group. She is a Board Member of the Tribute Foundation for International Tax Dispute Resolution (The Hague, Netherlands) and a Commissioner of the Independent Commission for Reform of International Corporate Taxation. She served as a Member of the United Nations Economic & Social Commission for Asia and Pacific (Eminent Expert Group on Tax Policy and Public Expenditure Management, Bangkok, Thailand) and UN Committee on Experts on International Cooperation in Tax Matters (Geneva, Switzerland). She was appointed Commissioner of the Bureau of Internal Revenue and held office from 2010 to 2016, after being a Deputy Commissioner for the Special Concerns Group of the Bureau from 2003 to 2005. Prior to BIR, she served as Governor of the Board of Investment. She was Vice Chairperson of the Ad Hoc Group for Action 15 (Multilateral Instrument to Implement Tax Treaty Related Measures to Tackle Base Erosion Action Plan (BEPS) (Paris, France). She used to be connected also with ING Bank N.V. Manila Branch as its Vice President and as Deputy to the Vice Chairman of Security Banking Corporation. She was employed by Romulo, Mabanta, Buenaventura, Sayoc & Delos Angeles Law Office as Senior Associate and by Sycip, Gorres, Velayo & Co. as Tax Lawyer. Early in her career, she was General Manager of St. J. Square Marketing Corporation. She was also an Accounting Lecturer in De La Salle University, Manila.

She attended the corporate governance seminar conducted by the Institute of Corporate Directors for new directors of listed companies in December, 2021. She obtained her degree in Bachelor of Science in Commerce major in Accounting at De La Salle University Manila, and her Bachelor of Laws at the Ateneo de Manila University, consistently with flying colors. She further studied and obtained her degree in Master of Laws, major in International and Comparative Law at the Georgetown University (Washington DC, USA). She also attended the University of New Brunswick (Fredericton, New Brunswick, Canada), McGill University, Faculty of Law (Montreal, Quebec, Canada) and University of Toronto. Faculty of Law (Toronto, Ontario, Canada) as Fulfillment of the Requirement of the Joint Accreditation Committee. Finally, she obtained her Postgraduate Diploma in International Dispute Resolution at the Queen Mary University of London.

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

Ramon L. Mapa, 80 years old, Filipino, is a director of Basic Energy Corporation for the last forty-six (46) years, from 1976 to the present. He was Vice Chairman of the Board of Directors from 2007 to 2020, and is a director of the various subsidiaries of Corporation. He is the Vice Chairman and Treasurer of Sicogon Development Corporation, Treasurer of Optimum Asia Realty & Development Corporation, Director of Sta. Elena Properties, Inc., since 2002, and Director and Treasurer of Maple Agricultural Corporation, and Maple Realty Corporation since 2002.

He attended the seminars on corporate governance conducted by SGV & Co. from 2016-2019 and the seminar on corporate governance conducted by the Institute of Corporate Directors for directors of listed companies in December, 2021. He obtained his degree in Bachelor of Arts, major in Economics from the Ateneo University in 1965 and earned MBA credits also at the Ateneo University in 1966.

Jaime J. Martirez, 70 years old, Filipino, is a director of Basic Energy Corporation and its subsidiaries since October, 2007. He is the President & CEO of Unicapital Finance and Investments, Inc., Managing Director and Treasurer of Unicapital, Inc., Treasurer and Director of Unicapital Securities, Inc., Chairman, and President & CEO of Unoventure, Inc., a PEZA registered enterprise facilities provider. He is the Chairman of the Executive Committee of the Unicapital Group of Companies. He is a director in Majalco, Inc., a diversified holding corporation, in Malayan Savings Bank and in MJ Holdings, Inc., a real estate company engaged in commercial property development in the Makati Central Business District. He is a past director of the Philippine Finance Association, a member of the Makati Business Club and the European Chamber of Commerce (ECCP). He has acquired and developed professional expertise in the field of Investment Banking for the last 41 years, since 1976.

He attended seminars on corporate governance conducted by SGV & Co. from 2016-2019, the corporate governance seminar conducted in-house by Malayan Bank in 2021 and the corporate governance seminar conducted by the Institute of Corporate Directors for listed companies in December, 2021. He also attended seminars on the Anti-Money Laundering Law in 2017 and on the Anti-Money Laundering Counter-Terrorist Financing in 2021. He obtained his degree in Bachelor of Science in Management from De La Salle University in 1975 and completed the academic units for a Masters degree in Business Administration from the Ateneo Graduate School of Business in 1979.

Ma. Rosette Geraldine L. Oquias, 57 years old, Filipino and is a director of Basic Energy Corporation since May 12, 2021. She is presently the Vice President for Corporate Affairs and Chief Finance Officer of the FilOil Logistics Corporation, a position she held since 2016. Previous to this assignment, she was Financial Consultant to FilOil Energy Company, Inc. from 2015-2016.

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

She attended the corporate governance seminar conducted by the Institute of Corporate Directors for new directors of listed companies in December, 2021.She graduated with a BSBA degree from the Miriam College Foundation and studied at the Graduate School of Business and Economics of De La Salle University. She is currently a candidate for certification as Chartered Financial Analyst.

Andres B. Reyes, Jr., 74 years old, Filipino, is an Independent Director of Basic Energy Corporation from November 26, 2020 up to the present. He is a retired Associate Justice of the Supreme Court of the Philippines where he served as Associate Justice from July 2017 to May 2020. Prior to his appointment as Associate Justice of the Supreme Court, he served as Associate Justice of the Court of Appeals from May 1999 to February 2010, after which he was appointed as Presiding Justice of the Court of Appeals from February, 2010 until his appointment as Associate Justice of the Supreme Court. He was a Judge of the Metropolitan Trial Court -Makati and thereafter, a Judge of the Regional Trial Court- San Mateo, Rizal, before his appointment as Associate Justice of the Court of Appeals.

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

He attended the corporate governance conducted by the Center for Global Best Practices in March, 2021 and the corporate governance seminar conducted by the Institute of Corporate Directors for new directors of listed companies in December, 2021. He obtained his Bachelor of Laws degree from the Ateneo Law School in 1978. He was admitted to the Bar in 1979. He took special courses like the Top Management Program at the Asian Institute of Management in 1986, Program Instruction for Lawyers at the Ateneo Law School in 2005, and Harvard Negotiation Intensive Workshop at the Harvard Law School in 2015. He obtained his Bachelor of Science major in Economics degree, from St. Mary's College in California, USA, in 1972, Master of Public Administration degree from the Philippine Women's University in 2002 and gained partial units in Master of Laws at the Manuel L. Quezon University in 2002.

Gil A. Buenaventura, 71 years old, Filipino, is an Independent Director of Basic Energy Corporation from January 5, 2024 up to the present. With over 40 years of professional experience in banking and general management, he has significantly contributed to the growth in revenues and profits at various banks through his expertise in strategy formation, business development, and relationship building. He served as President and CEO of Rizal Commercial Banking Corporation (RCBC) from July 2016 to June 2019, a period during which he stabilized the bank amidst stringent regulatory challenges, re-launched and re-branded RCBC, and ensured its continued profitability. Concurrently, he held several leadership positions, including Vice Chairman of RCBC's Executive Committee and Chairman of RCBC Savings Bank's Executive Committee, among others.

Before RCBC, he was President and CEO of the Development Bank of the Philippines (DBP) from October 2012 to June 2016, steering DBP to unprecedented growth and maintaining its top 10 position among universal banks. His prior experience includes significant roles at the Bank of the Philippine Islands (BPI), where he oversaw major revenue-generating business units and held numerous board positions. He also held senior management positions at Citytrust Banking Corporation and various roles at Citibank. He holds a Bachelor of Arts degree in Economics from the University of San Francisco and an MBA from the University of Wisconsin, Madison.

Oscar S. Reyes, 78 years old, Filipino. He was the President and Chief Executive Officer of the Manila Electric Corporation and Chairman/Director of various Manila Electric Company Subsidiaries and Affiliates until May 31, 2019.

Mr. Reyes' other current positions are: Member of the Advisory Board of Basic Energy Corporation, Chairman, Pepsi Cola Products Philippines, Inc. Director of PXP Energy Corp. and Independent Director of D.M. Wenceslao & Associates Inc., Sun Life Financial Plans, Inc., Sun Life Prosperity Funds, Pioneer Life Inc., Pioneer Insurance & Surety Corporation, Pioneer Intercontinental Insurance, Philippine Dealing System Holdings Corp., Philippine Dealing & Exchange Corporation, Philippine Depository & Trust Corporation, Philippine Securities Settlement Corporation, Team Energy Corporation, among other firms.

Prior to the above positions, he served the Shell Companies in the Philippines in various capacities, including Country Chairman and concurrently President of Pilipinas Shell Petroleum Corporation, and Managing Director of Shell Philippines Exploration B.V.

He completed his Bachelor of Arts degree in Economics at the Ateneo de Manila University in 1965 (Cum Laude) and did post-graduate studies at the Ateneo Graduate School of Business, Waterloo Lutheran University in Ontario, Canada and the Harvard Business School in Boston, Mass., USA.

Officers

Alain S. Pangan, 45 years old, Filipino, a Certified Public Accountant, was engaged as Vice President for Finance of the Corporation, effective January 2018 and holds that position to the present. Prior to joining the Company, he was the Investment and Treasury Manager of Enfinity Asia Pacific Holdings Limited – Manila ROHQ and Enfinity Philippines Technology Services, Inc., a renewable energy company with international activities in solar and wind energy, for more than three (3) years. He has more than seven (7) years of audit, compliance and advisory work with reputable Philippine audit/advisory firms.

He attended the seminars on corporate governance conducted by SGV & Co. in 2018 and 2019. He attended the corporate governance seminar conducted by the Institute of Corporate Directors for directors and officers of listed companies in December, 2021. He obtained his Bachelor of Science degree in Accountancy from the Far Eastern University.

Darius Efren A. Marasigan, 51 years old, Filipino, is the Business Development Officer of the Corporation. He rendered consultancy services on renewable energy projects for Restored Energy Development Corporation of the Armadillo Group of Companies from August 2012 to April 2014, and for PNOC Renewables Corporation from November 2010 to August 2013. He was Senior Planning Officer at the PPP Center of the Philippines of NEDA from July 2007 to October 2010. Prior thereto, he was employed as Officer-in-Charge, Contracts & Claims Unit of the Meralco Industrial Engineering Services Corporation.

He graduated from the Mapua Institute of Technology with a Bachelor of Science degree in Electrical Engineering, in 1994.

Gwyneth Ong, 47 years old, Filipino, is a partner at Martinez Vergara & Gonzalez Sociedad from 2015 up to the present, with extensive experience in a broad range of securities and capital market transactions. She graduated with a Bachelor of Science degree in Management major in Legal Management from the Ateneo de Manila University and a Bachelor of Laws degree from the University of the Philippines. She is also the Assistant Corporate Secretary of Century Pacific Food Inc.. She has attended continuing legal education programs for the practice of law and she regularly attends the required corporate governance seminars. directors and officers of listed companies in the Philippines.

Janice L. Co, 40 years old, Filipino, is a partner at Martinez Vergara & Gonzalez Sociedad from 2021 up to the present. She earned her Bachelor's degree in Political Science from the Ateneo de Manila University and a Juris Doctor degree from the Ateneo de Manila University School of Law. She is also the Corporate Secretary of Steniel Manufacturing Corporation. She has attended continuing legal education programs for the practice of law and she regularly attends the required corporate governance seminars. directors and officers of listed companies in the Philippines.

Dominique P. Pascua, 38 years old, Filipino, is the Compliance Officer of the Corporation starting July 29, 2021. He is a Junior Partner at the Calleja Peralta Jimenez San Luis Uy & Ulibas Law Firm (Calleja Law Firm); prior to his appointment as the Company's Compliance Officer, he served as the Legal Manager for Filoil Logistics Corporation from 2016 to 2020. He has also been serving the Filoil group of companies for more than seven years as its Assistant Legal Counsel.

He has attended continuing legal education programs for the practice of law and he attended the corporate governance seminar conducted by the Institute of Corporate Directors for directors and officers of listed companies in December, 2021. He also attended the certification course for Compliance Officers conducted by the Center for Global Best Practices from March to April, 2022. He obtained his degree in Bachelor of Arts, major in Consular and Diplomatic Affairs, from the De La Salle College of Saint Benilde in 2004 and his degree in Bachelor of Laws from Far Eastern University in 2010.

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

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

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

SIGNIFICANT EMPLOYEES

The key officers of the Corporation who are expected to make a significant contribution to the business of the Corporation consist of the above-named directors holding executive positions and corporate officers. Other than the foregoing, there are no other employee whose functions are expected to make a significant contribution to the business.

FAMILY RELATIONSHIPS

There are no family relationships within the fourth civil degree known to the Corporation among the directors, nominees and executive officers of the Corporation.

INVOLVEMENT IN ANY LEGAL PROCEEDINGS

The Corporation is not aware of any bankruptcy proceedings filed against any of its directors or executive officers, nor of any criminal conviction or final judgment barring or limiting any business involvement or any order or judgment subjecting said directors or executive officers, or a violation of a securities or commodities law or regulation filed against any of its directors or executive officers, during the past five (5) years ending June 30, 2024.

ITEM VI – COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

A. Per Diems of Directors

The Directors of the Corporation do not receive compensation from the Corporation, except for per diems for attendance at Board and Committee Meetings fixed at Php 22,200.00 and Php 11,100.00 per attendance, respectively, for 2023, Php 20,900.00 and Php10,450.00, respectively, for 2022 and Php 20,000.00 and Php 10,000.00, respectively, for 2021.

The following table shows the amount in of per diems in Php, received by the incumbent directors for the first half of 2024, and for the full years of 2023 and 2022. In January 2024 and June 2024, a new directors were elected, namely: Director Gil A. Buenaventura and Director Oscar S. Reyes, replacing the directors who have vacated their position.

NAME OF DIRECTORS	BOARD MEETINGS	COMMITTEE MEETINGS	TOTAL PER DIEM RECEIVED
JANUARY TO MAY 2024			

RAMON F. VILLAVICENCIO			-
MANUEL ANTONIO Z. GONZALEZ	22,200.00	11,100.00	33,300.00
OSCAR L. DE VENECIA JR.	22,200.00	11,100.00	33,300.00
BEATRICE JANE L. ANG	22,200.00		22,200.00
KIM S. JACINTO-HENARES	22,200.00	22,200.00	44,400.00
RAMON L. MAPA	22,200.00		22,200.00
JAIME J. MARTIREZ	22,200.00	22,200.00	44,400.00
MARIA ROSETTE GERALDINE L. OQUIAS	22,200.00	11,100.00	33,300.00
ANDRES B. REYES JR	22,200.00		22,200.00
OSCAR S. REYES			-
REYNALDO T. CASAS,	22,200.00		22,200.00
LUISITO V. POBLETE	22,200.00		22,200.00
JOSE P. DE VENECIA, III			-
GIL AZANZA BUENAVENTURA	22,200.00	22,200.00	44,400.00
TOTAL PER DIEM OF THE ABOVE DIRECTORS FOR THE PERIOD	**244,200.00**	**99,900.00**	**344,100.00**
2023			
RAMON F. VILLAVICENCIO	88,800.00		88,800.00
MANUEL ANTONIO Z. GONZALEZ	111,000.00		111,000.00
OSCAR L. DE VENECIA JR.	111,000.00		111,000.00
BEATRICE JANE L. ANG	88,800.00		88,800.00
REYNALDO D. GAMBOA	44,400.00		44,400.00
KIM S. JACINTO-HENARES	111,000.00	11,100.00	122,100.00
RAMON L. MAPA	133,200.00		133,200.00
JAIME J. MARTIREZ	111,000.00		111,000.00
MARIA ROSETTE GERALDINE L. OQUIAS	111,000.00	11,100.00	122,100.00
ANDRES B. REYES JR	88,800.00	11,100.00	99,900.00
OSCAR S. REYES	88,800.00		88,800.00
REYNALDO T. CASAS,	88,800.00		88,800.00
LUISITO V. POBLETE	66,600.00		66,600.00
JOSE P. DE VENECIA, III	88,800.00		88,800.00
JOSE C. DE VENECIA JR.	22,200.00		22,200.00
TOTAL PER DIEM OF THE ABOVE DIRECTORS FOR THE PERIOD	**1,354,200.00**	**33,300.00**	**1,387,500.00**
2022			
RAMON F. VILLAVICENCIO	271,700.00		271,700.00
MANUEL ANTONIO Z. GONZALEZ	292,600.00		292,600.00
OSCAR L. DE VENECIA JR.	313,500.00		313,500.00
BEATRICE JANE L. ANG	292,600.00	10,450.00	303,050.00
REYNALDO D. GAMBOA	313,500.00	10,450.00	323,950.00
KIM S. JACINTO-HENARES	292,600.00	10,450.00	303,050.00
RAMON L. MAPA	313,500.00		313,500.00
JAIME J. MARTIREZ	313,500.00	10,450.00	323,950.00
MARIA ROSETTE GERALDINE L. OQUIAS	313,500.00	10,450.00	323,950.00
ANDRES B. REYES JR	303,050.00	10,450.00	313,500.00
OSCAR S. REYES	393,500.00		393,500.00
REYNALDO T. CASAS,	41,800.00		41,800.00
JOSE P. DE VENECIA, III	292,600.00		292,600.00
JOSE C. DE VENECIA JR.	250,800.00		250,800.00
SUPASIT POKINJARURAS	209,000.00		209,000.00

TOTAL PER DIEM OF THE ABOVE DIRECTORS FOR THE PERIOD	**4,207,750.00**	**62,700.00**	**4,270,450.00**

B. Compensation of Officers

NAME/POSITION	FISCAL YEAR	SALARIES	BONUSES	OTHER COMPENSATION
Oscar L. de Venecia, Jr. CEO **Luisito V. Poblete** President and COO. **Alain S. Pangan** Vice President-Finance				
Total	**2024** **2023** **2022**	Php 12,210,000 (estimated) Php 11, 497,187 Php 11, 851, 651	Php 2,035,000 (estimated) Php 1,896, 593 Php 1,975,550	Php 190,400 (estimated) Php 108, 200 Php 458,860
All Other Officers as a Group Unnamed	**2024** **2023** **2022**	Php 3,794,880 (estimated) Php 2,648, 548 Php 677, 927	Php 632, 480 (estimated) Php 488, 185 Php 106, 488	Php 26, 400 (estimated) Php19, 800 Php 34, 000

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

A stock option plan was approved by the stockholders at the 2007 annual meeting of stockholders, whereby directors and members of the Advisory Board, officers and selected employees of the Corporation and its subsidiaries, and other persons as determined by the Board of Directors shall be granted the option to purchase shares of stock of the Corporation from its unissued capital stock at par value, and exercisable on the 3rd year from approval of the plan by the stockholders, subject to such allocation of shares as may be approved by the Board of Directors, not to exceed the total of 500,000,000 shares (SOP shares). On June 18, 2010, the stockholders approved the extension of the exercise period from July 12, 2010 to July 11, 2013. The details and mechanics of the plan have been approved by the Board of Directors on July 29, 2011. The SEC has issued its Certificate of Exemption from Registration requirements on September 8, 2011. The SOP shares were approved for listing by the Philippine Stock Exchange- 26,700,000 shares in December, 2012 and 473,300,000 shares in July, 2013. All the SOP shares have been paid and listed in the Philippine Stock Exchange, as of July 31, 2021.

As of June 30, 2024, the Company does not have plans to issue SOP shares for directors, officers or employees.

ITEM VII. INDEPENDENT AUDITORS

Reyes Tacandong & Co. (RT & Co) was the Corporation's independent auditors for the year 2023. Representatives of RT & Co. will be present during the annual meeting of stockholders and will be given the opportunity to make a statement if they so desire. They are also expected to respond to appropriate questions from stockholders, should there be any.

Audit services of RT & Co for the fiscal year ended December 31, 2023 included the examination of in the preparation of the Corporation's final income tax returns and other services related to filing of reports made with the Securities and Exchange Commission and the Bureau of Internal Revenue.

The audit fees of the external auditor was Php 1,625,000.000 for 2023 and Php 1,225,000.00 for 2022. The audit fees for 2023 were fully paid as of May 31, 2024, while the audit fees for 2022 were fully paid as of June 30, 2023.

There was no event in the past five (5) years where the external auditor and the Corporation had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

In compliance with SRC Rule 68, paragraph 3(b)(iv) (Rotation of External Auditors), Joseph C. Bilangbilin, of RT & Co. was assigned as partner-in-charge beginning with the 2020 audited financial statements.

ITEM VIII - COMPENSATION PLANS

There are no plans, under which cash or non-cash compensation may be paid or distributed to directors and officers of the Corporation, which will be taken up at the annual meeting of stockholders.

C. ISSUANCE AND EXCHANGE OF SECURITIES

ITEM IX - AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE

On May 7, 2019, the Board of Directors approved the increase in the Corporation's authorized capital stock from Php2.5 Billion consisting of 10 Billion shares to Php5.0 Billion consisting of 20 Billion shares. The increase in the Corporation's authorized capital stock to Php 5 Billion was approved by the stockholders in the annual meeting held on October 23, 2020 and was approved by the Securities and Exchange Commission on September 10, 2021. Pursuant to such increase, the Company issued 9,827,990,853 shares to Map 2000 Development Corporation.

The issuance of the said 9,827,990,853 shares to Map 2000 Development Corporation was confirmed by the stockholders at the 2021 annual stockholders meeting.

ITEM X - MODIFICATION OR EXCHANGE OF SECURITIES

There is no modification or exchange of securities which will be submitted for approval of stockholders at the 2024 annual stockholders meeting.

ITEM XI – FINANCIAL AND OTHER INFORMATION

(b) 2023 Consolidated Audited Financial Statements

The 2023 consolidated financial statements of the Corporation were audited by the Corporation's external auditors:

Reyes Tacandong & Co.

Mailing address : BDO Towers Valero (formerly Citibank Towers)
8741 Paseo De Roxas, Makati City
Certifying Partner : Joseph C. Bilangbilin
CPA Certificate No. : 102884
SEC Accreditation No : SEC Registration No. PP201007009
BOA/PRC Accreditation No. 4782
TIN : 210-181-965-000
BIR Accreditation: 08-005144-011-2023 Valid until January 24,2026
PTR No. 10072411 Issued January 2,2024, Makati City
BOA Accreditation: 4782; valid until April 13,2024

(b) Changes in and disagreements with accountants on accounting and financial disclosures

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

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

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

Disclosures of the accounting policies were updated in accordance with the definition of "material information".

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

The above changes are disclosed in the Consolidated Audited Financial Statements of the Corporation as of December 31, 2023.

(c) Participation of Representatives of External Auditors

Representatives of Reyes Tacandong & Co., which audited the aforementioned financial statements of the Corporation, (i) are expected to be present at the annual meeting of stockholders (ii) will have the opportunity to make a statement if they desire to do so; and (iii) are expected to be available to respond to appropriate questions from stockholders during said meeting.

(d) Incorporation by Reference

The following documents are incorporated herein by reference and are attachments to this Information Statement:

(1) Notice of Annual Stockholders Meeting and Proxy Form;
(2) 2023 Management Report;
(3) Statement of Management's Responsibility for the 2023 Consolidated Audited Financial Statements of the Corporation;
(4) Consolidated Audited Financial Statements of the Corporation as of December 31, 2023;
(5) SEC Form 17-A 2023 Annual Report; and
(6) SEC Form 17-Q -covering the Interim Unaudited Financial Statements for the 1st Quarter of 2024.

ITEM XII - MERGER, CONSOLIDATION, ACQUISITION & SIMILAR MATTERS

There are no actions to be taken up at the annual meeting of stockholders which will involve the merger or consolidation of the Corporation with another entity or acquisition by the Corporation of any other going business or the assets thereof.

ITEM XIII – ACQUISITION/DISPOSITION OF PROPERTY

There are no actions to be taken up at the annual meeting of stockholders which will involve the acquisition or disposition of property, whether real or personal, of the Corporation.

ITEM XIV - RESTATEMENT OF ACCOUNTS

There are no actions to be taken up at the annual meeting of stockholders which will involve the restatement of any asset, capital or surplus account of the Corporation.

D. OTHER MATTERS

ITEM XV – ACTION WITH RESPECT TO REPORTS

The following actions on reports of the Corporation shall be submitted at the annual meeting of stockholders:

(a) Approval of the Minutes of the 2023 Annual Stockholders' Meeting held on September 20, 2023, summarized below;
(b) Approval of the 2023 Annual Report which shall be preceded by the material information on the current top twenty (20) stockholders of the Corporation and the voting rights of stockholders, and shall consist of a detailed description and assessment of the performance of the Corporation in 2023 and the plan for operations for 2024-2025;
(c) Notation of the Consolidated Audited Financial Statements (CAFS) for the year ending December 31, 2023, which shall include the financial highlights and details of the said CAFS, a statement of the adequacy of internal controls and risk management systems, statement of external audit and non-audit fees, if any; the dividend policy and in case of non-payment of dividends, the reasons therefor;
(d) Ratification of all acts of the Board of Directors and Management for the period covering the term 2023-June 2024, a summary of which is attached as Annex B hereof;
(e) Election of the Members of the Board of Directors including Independent Directors for the ensuing year;
(f) Appointment of External Auditors for 2024.

Summary of the minutes of the 2023 Annual Meeting held on September 20, 2023

1.Call to Order, Proof of the Required Notice of Meeting and Determination of Existence of Quorum

The Corporate Secretary advised the body that the following members of the Board of Directors and the Advisory Board and key officers of the Corporation, guests and stockholders are present at the meeting:

Board of Directors

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

Advisory Board:

Jose C. de Venecia, Jr.	Reynaldo T. Casas
Oscar S. Reyes	
Jose P. de Venecia III	

Officers:

Alain S. Pangan	-VP-Finance/Treasurer
Angel P. Gahol	-Corporate Secretary
Dominique P. Pascua	-Compliance Officer
Darius A. Marasigan	-Business and Risk Development Officer
Janice L. Co	-Assistant Corporate Secretary

Stockholders:

Total Shares Issued and Outstanding	14,668,643,064
Total Number of Shares Represented	10,879,056,965
Percentage of Attendance	76.5126%

Chairman Ramon F. Villavicencio, called the 2023 Annual Stockholder's Meeting of Basic Energy Corporation to order.

Thereafter, the Assistant Corporate Secretary certified that pursuant to the SEC Notice dated March 13 2023, notices for the 2023 Annual Stockholders' Meeting of the Corporation were published in two newspapers of general circulation namely, Business World and Philippine Star for two consecutive days on August 29, 2023 and August 30, 2023, and was posted in the company website. The Corporate Secretary further certified that based on the Certification issued by its Stock Transfer Agent, Philippine Stock Transfer Inc., out of the outstanding subscribed and issued shares of stock of the Corporation entitled to attend and vote at the meeting and the number of shares of the stockholders present, a total of 10,879,056,965 shares are represented in the meeting, either in person or by proxy, and these shares account for 76,5126% of the total outstanding subscribed and issued shares of the Corporation. He then certified that there is a quorum for the transaction of business in the Annual Stockholders' Meeting.

1. Approval of the Minutes of the Previous Meeting

The Chairman proceeded with the approval of the Minutes of the 2022 Annual Stockholders' Meeting held last August 31,2022. Since the draft of the minutes of the said meeting had been posted in the website of the Company prior to the scheduled annual stockholders meeting, a motion was submitted for the approval of the said minutes.

The Chairman then requested the Assistant Corporate Secretary to present the results of voting for the approval of the minutes:

Upon motion, which was duly seconded, and there being no objections to said motion, the Minutes of the 2022 Annual Stockholders' Meeting, were deemed approved by the affirmative vote of all the stockholders represented or present in the meeting owning a total of 10,879,056,965 shares, representing 76.5126% of the total issued and outstanding capital stock of the Company.

2. Approval of the President's Report for 2022 and the 2022 Audited Financial Statements of the Company

The Chairman gave the floor to the President, Mr. Luisito Poblete, to present his report on the Company's operations in 2022 and the programs and prospects for 2023.

A. The Financial Report

President Poblete requested the Vice President for Finance, Mr. Alain S. Pangan, to present the financial position of the Corporation for the year 2022. Mr. Pangan reported the following:

1. Key Performance Indicators

	2022	2021
Current ratio	1.11:1	1.29:1
Interest Rate Coverage Ratio	3.73:1	5.53:1

The Company continued to remain positive in its key financial indicators. As pointed out by Mr. Pangan, the Company is reasonably liquid, with a current ratio of 1.11:1 and interest rate coverage ratio of 3.73:1

2. Consolidated Balance Sheet

Consolidated Balance Sheet (in million pesos)	2022	2021	Inc.(Dec.)
Total Assets	28,802.57	19,356.97	9,445.60
Total Liabilities	21,488.31	12,661.69	8,826.62
Total Equity	7,317.60	6,695.27	618.98

The total consolidated assets of the Company as of end 2022 was around Php9.4 billion higher than at the close of 2021. The 48% increase in the 2022 balance was primarily attributable to the increases in trade and other receivables of Php4.8 billion and inventories of Php4.4 billion.

As to the consolidated liabilities, there was a 69% increase compared to 2021 due to increases in trade and other payables of Php3.6 billion, loans payable of Php3.7 billion, and trust receipts payable of Php1.2 billion.

Total consolidated equity settled at Php7.3 billion in 2022, with the equity holders of MAP 2000 Development Corp., the parent company, contributing Php3.8 billion. The overall increase was due to the increases in retained earnings, other equity reserves and equity from noncontrolling interest of Php494.6 million.

3. Consolidated Income Statement

Consolidated Income Statement (in million pesos)	2022	2021	Inc.(Dec.)
Revenue	74,636.37	3,745.67	70,890.69
Gross Profit	1,585.90	90.7	1,495.20
Other Income	354.66	185.27	169.39
Expenses	1,294.29	158.92	1,135.37
Net Income (Loss)	585.83	109.79	476.03
Comprehensive Income (Loss)	618.97	101.03	517.95

The Company's investments in its subsidiaries yielded positive results and contributed to total consolidated revenues for 2022 amounting to Php74.6 billion. Cost of sales is at Php73.1 billion, resulting in a gross margin of around Php1.6 billion. The Company recognized other income of around Php354.7 million, composed of gain on disposal of investment in an associate company of Php156 million, interest income of Php49 million, share in net income of associates of Php18.7 million and other income of Php130.9 million. In 2022, there were other costs and expenses incurred like general and administrative expenses of Php984.8 million, finance costs of Php244.7 million and unrealized loss from change in fair value of derivative assets of Php64.8million.

4. Equity

	2022	2021
Par value	Php 0.25	Php 0.25
Book value	Php 0.27	Php 0.26
Earnings (loss) per share	Php0.007	Php0.006

By the end of 2022, the Company's stock, with a par value of Php 0.25, carried a book value of Php 0.27 per share. With the stock market impacted by global inflation, the highest trading price for the Company's shares for 2022 was reported at Php0.63 per share.

5. Consolidated Balance Sheet as of June 30, 2023

Consolidated Balance Sheet (in million pesos) as of June 30, 2023	
Total Assets	31,299.64
Total Liabilities	23,966.92
Total Equity	7,332.64

Consolidated Income Statement (in million pesos) for the period ended June 30, 2023	
Revenue	33,019.55
Cost of Sales	32,245.83
Gross Profit	773.72
Net Income	85.91

As of June 30, 2023, the Company had a total net income of around Php85.9 million resulting from its investment in its subsidiaries. It is also noteworthy that the Company's deficit decreased to Php2.9 million from Php37.8 million registered at the end of 2022.

For the year 2022, no dividends were declared due to the working capital requirements of the subsidiaries. Measures have, however, been in place to allow the possibility of a declaration of dividends for shareholders in the foreseeable future.

B. <u>The Operations Report</u>

The President then proceeded with his report on the results of the operations of the Company.

<u>CURRENT PROJECTS</u>

1. Mabini Wind Power Project

The Company, through its subsidiary, Mabini Energy Corporation, was awarded by the Department of Energy on March 17, 2021, a service contract for a 50-megawatt wind energy project on the mountains of Mabini, Batangas.

In 2022, the project team started to conduct a Wind Resource Assessment ("WRA"), using both Meteorological Mast and LIDAR equipment that will require at least one full year cycle. The output from this WRA will determine the precise location of each wind turbine, and to calculate the Annual Energy Production that is vital in establishing the project feasibility. The Company expects the WRA campaign to be completed by the end of October 2023. Preliminary data from the wind measuring instruments are very promising, with wind speeds and directions within target ranges. Simultaneously, the project team implemented preliminary assessments on Road Access, Land Acquisition and Transmission Line Connectivity.

The Company has also started negotiations with a foreign renewable energy ("RE") developer, with the necessary technical and financial capability, to be its strategic partner to move the Mabini Wind Power Project forward up to construction and operation.

2. Iriga Geothermal Project

For its geothermal business, the Company retained its 20% participating interest in the Iriga Geothermal Project located at Iriga, Camarines Sur. Its partner, DESCO Inc., handles the project. The pre-development works for this project, previously stalled by the pandemic, has seen significant strides in the recent months. DESCO resumed its permitting activities and site preparation for the drilling of the first exploratory well. The findings from this exploratory activity will determine the viability of the geothermal project.

3. Green Energy Transport Program ("GEEP")

The Company is also engaged in the development of a Green Energy E-Transport Program ("GEEP") as an end-to-end renewable energy program to support the country's thrust to reduce dependence on foreign fossil fuel supply, and as a response to the requirements of Republic Act 11697, otherwise known as the Electric Vehicle Industry Development Act of the Philippines. The retail station's solarization program and the installation of e-charging facilities therein are designed as an integrated holistic ecosystem supported by the synergy of the retail stations and E-transport operators. The energy resource for the e-charging facilities shall come from the retail stations' solar-powered systems backed by power-wall batteries. Currently, pilot retail stations in EDSA Mandaluyong and Cainta, Rizal have been in operation, and a third retail station is expected to be in operation by the 4th quarter of 2023. Basic Energy Renewable Corporation, a wholly owned subsidiary of the Company, is being positioned as the Company's vehicle for this project.

Measures Undertaken to Manage Project-Related Risks

The Corporation's overarching goal is to increase its project portfolio in wind and solar energy, tempering the same with a more conservative but responsive approach on the technical, financial and operational aspects of the project development. To ensure risk management compliance, the Risk Committee of the Board will give its green light to a project only after it has undertaken a thorough evaluation of the project risks involved.

FUTURE PROJECTS

In addition to the Wind Service Contract awarded to Mabini Energy Corporation, the Company was awarded with 3 new Wind Energy Service Contracts and these are:

1. The Panay Wind Energy Service Contract ("Panay WESC") was awarded to the Company by the Department of Energy ("DOE") on June 14, 2023. The Panay WESC is located in the Panay Island covering an area of 13,392 hectares encompassing the municipalities of San Joaquin and Miagao in the province of Iloilo. The Panay WESC is envisioned to have a total capacity of 155MW to 194MW.

2. The Balayan Wind Energy Service Contract ("Balayan WESC") was awarded on June 22, 2023. The Balayan WESC is a nearshore wind power project located near the shorelines of Calatagan, Batangas, covering an area of 2,835 hectares, and is envisioned to have a total capacity of 140 to 175MW.

3. The Ilocos Wind Energy Service Contract ("Ilocos WESC") was approved by the DOE on August 25, 2023 and pre-signing of the agreement is now in process. The Ilocos WESC is also a nearshore wind power project and is located near the shorelines of the municipality of Pasuquin in the province of Ilocos Norte, which covers an area of 5,502 hectares. Total capacity for the Ilocos WESC is envisioned to be around 90 to 112MW.

With the addition of these 3 new contracts, the Company's portfolio for wind projects has the potential to deliver a combined output of 500MW.

In addition to wind energy projects, the Company is considering the development of several solar energy projects, primarily focusing on areas where it owns the land or has access to land. The Company has a potential 50MW solar project on its 41-hectare land in Bolinao, Pangasinan. The project team is currently evaluating the possible grid interconnection options that will make the project viable.

C. Open Forum

After the presentation, the Chairman opened the floor to give the stockholders opportunity to ask questions or give comments regarding the financial and operations reports.

After giving the shareholders the opportunity to respond, the Chairman requested the Assistant Corporate Secretary to present the results of the voting for its approval. The Assistant Corporate Secretary reported that shareholders owning 10,879,056,965 or 100% of the total number of voting shares represented at the meeting, approved the 2022 Annual Report with highlights from the 2022 Consolidated Audited Financial Statements. The Chairman, having deemed that more than a majority of shares present and represented voted for the approval, officially announced the approval of the 2022 Annual Report with highlights from the 2022 Consolidated Audited Financial Statements.

3. Ratification of all Acts of the Board and Management for the term 2022-2023

The Chairman advised the body that the list of resolutions and actions approved and adopted by the Board of Directors from the last stockholders meeting held in August 31, 2022 were included in the Definitive Information Statement of the Company.

A motion was submitted that with the approval of the 2022 Annual Report on the operations of the Corporation for the term 2022-2023, all acts done by the Board of Directors and Management for the term 2022-2023 be confirmed and ratified. Upon said motion, which was duly seconded and there being no objection thereto, the Chairman declared that all acts done by the Board of Directors and Management for the term 2022-2023 were considered confirmed and ratified by the affirmative vote of all the stockholders represented or present in the meeting owning a total of 10,879,056,965 shares, representing 76.5126% of the total issued and outstanding capital stock of the Company.

4. Election of Ten Directors

The Chairman proceeded to the next item on the agenda: the election of the directors for the term 2023-2024. The Chairman explained that the Corporation's Nominations Committee had pre-screened and short-listed all candidates qualified and nominated to the Board.

The nominees endorsed for director positions for the term 2023-2024 are as follows: For directors:

1. Ramon F. Villavicencio
2. Manuel Z. Gonzalez
3. Oscar L. de Venecia, Jr.
4. Beatrice Jane L. Ang
5. Ramon L. Mapa
6. Jaime J. Martirez
7. Ma. Rosette Geraldine L. Oquias
8. Luisito V. Poblete

For independent directors:

1. Kim S. Jacinto-Henares
2. Andres B. Reyes, Jr.
3. Reynaldo D. Gamboa

The Chairman informed the shareholders of the passing of Mr. Gamboa last August 25, 2023, and acknowledged Mr. Gamboa's contributions to the industry. He, thereafter, requested the Assistant Corporate Secretary to announce the results of the election.

Upon motion, which was duly seconded, and there being no objection thereto, the Chairman dispensed with the balloting of votes for the election of the Directors of the Corporation considering that there were only 11 nominees for the 11 seats in the Board.

As directed by the Chairman, the Corporate Secretary cast all the votes of the stockholders present or represented in this meeting owning a total of 10,879,056,965 shares, representing 76.5126% of the total issued and outstanding capital stock of the Company, in favor of the election of the aforementioned 11 nominees as directors of the Corporation for the term 2023-2024. Thereafter, the Chairman declared all the aforementioned 10 nominees as elected Directors of the Corporation for the term 2023-2024.

5. Amendments to the Amended By-Laws

The next item in the agenda was the approval of the proposed amendments to the Corporation's By-Laws. The proposed amendments were approved by the Board in a special meeting held last May 25, 2023 and re-adopted/approved on August 31, 2023. The specific wordings are provided in the Definitive Information Statement. The Assistant Corporate Secretary presented the key changes to the By laws as follows:

Article I – Meetings

- Revising the rules for the conduct of annual and special stockholders' meetings to align with the Revised Corporation Code
- Expanding the means of giving notice to the meetings
- Setting the rules on voting and determination of a quorum for remote participants

Article II – Board of Directors

- Increasing the number of independent directors on the Board to three (3)
- Scheduling regular meetings of the Board on a quarterly basis
- Revising the means of sending notice of Board meetings
- Revising the rules on vacancy depending on applicable grounds
- Setting safeguards on the determination of per diems or compensation of directors
- Adding other grounds for the disqualification of directors

Article II-A – Board Committees

- Adding the Corporate Governance Committee, Audit Committee, Risk Committee,Nominating Committee, and Compensation and Remuneration Committee in the By- Laws

Article III – Officers

- Identifying the corporate officers to be the Chairman of the Board, one or two Vice Chairmen, President, Treasurer, Corporate Secretary, and Assistant Corporate Secretary
- Providing that the Treasurer must be a resident
- Adding the position of a Compliance Officer

Article V – Stock and Transfer Book

- Revising the provision on setting of record dates
- Removing the specific design of the corporate seal

Article VII – Amendment of By-Laws

- Clarifying that amendments may be at any meeting of stockholders owning or representing at least a majority of the outstanding capital stock

A motion was submitted for the approval of the proposed amendments to the By-laws. Upon said motion, which was duly seconded and there being no objection thereto, the Chairman declared that proposed amendments the By-laws approved by the affirmative vote of of all the stockholders represented or present in the meeting owning a total of 10,879,056,965 shares, representing 76.5126% of the total issued and outstanding capital stock of the Company.

6. Appointment of External Auditors

The next item on the agenda was the appointment of the Company's external auditor for the year 2023.

The Chairman explained that the Company's Audit Committee had processed and pre-screened nominations for external auditor and recommended the re-appointment of Reyes Tacandong and Co. (RT & Co.) as the Company's external auditor for 2023 to 2024. The Vice President for Finance, Mr. Alain S. Pangan, presented the credentials of RT & Co.

Upon motion for the said nomination of Reyes Tacandong & Co., which was duly seconded, and there being no objection thereto, the appointment of Reyes Tacandong & Co. as the External Auditors of the Company for the financial statements for the fiscal year ending December 31, 2023, as recommended by the Audit Committee and the Board of Directors, as approved by the affirmative vote of the stockholders present or represented in this meeting owning a total of 10,879,056,965 shares, which represent 76.5126% of the total issued and outstanding capital stock of the Company.

7. Adjournment

There being no other matters in the agenda, upon motion to adjourn, which was duly seconded, the Chairman adjourned the Corporation's 2023 Annual Stockholders' Meeting.

Summary of Voting Results:

Agenda Items	Votes in Favor	Votes Not in Favor	Abstentions
1. Approval of the Minutes of the last stockholders meeting held on August 31, 2023	10,879,056,965 shares, equivalent to an affirmative vote of 76.5126%	None	None
2. Approval of the 2022 Annual Report and the 2022 Consolidated Audited Financial Statements	10,879,056,965 shares, equivalent to an affirmative vote of 76.5126%	None	None
3. Ratification of Acts of Management and the Board for the term 2022-2023	10,879,056,965 shares, equivalent to an affirmative vote of 76.5126%	None	None
4. Election of 10 Directors for the term 2023-2024	10,879,056,965 shares, equivalent to an affirmative vote of 76.5126%	None	None
5. Appointment of Reyes Tacandong & Co. as the external auditor for the financial statements for the fiscal year 2023	10,879,056,965 shares, equivalent to an affirmative vote of 76.5126%	None	None

ITEM XVI - MATTERS NOT REQUIRED TO BE SUBMITTED

There are no matters to be taken up at the annual meeting of stockholders which are not required to be submitted for stockholders' vote or approval.

ITEM XVII - OTHER PROPOSED ACTIONS

There are no other proposed action for confirmation/ratification by the stockholders.

ITEM XIII - VOTING PROCEDURES

(a) VOTE REQUIRED

Motions in general require the affirmative vote of a majority of the shares of the Corporation's common stock present and/or represented and entitled to vote in the annual meeting of stockholders. The proposed amendments to the Amended By-laws of the Corporation to be taken up in the annual meeting of stockholders will require the affirmative vote of at least two thirds ($^{2}/_{3}$) of the outstanding and issued capital stock of the Corporation.

(b) ELECTION OF DIRECTORS

In the election of directors, every stockholder entitled to vote shall be allowed to accumulate his vote in accordance with the provisions of law. For this year's election, the top eleven (11) nominees with the most number of votes will be declared as the elected directors. If the number of the nominees does not exceed the number of directors to be elected, all the shares present or represented at the meeting will be cast in favor of the nominees. If the number of nominees exceeds the number of directors to be elected, voting will be done by ballot.

(c) METHOD OF COUNTING VOTES

Counting of votes will be done by the Corporate Secretary (or his authorized representatives) with the assistance of the representatives of the independent auditors and stock transfer agent of the Corporation. All votes attaching to the shares of common stock owned by stockholders whose proxies were received by the Corporation will be cast in accordance with the instructions given or authority granted under the proxies.

ATTACHMENTS

The attachments to this Information Statement consist of the Notice of Stockholders' Meeting and Proxy Form, the Corporation's 2023 Management Report, the 2023 Consolidated Audited Financial Statements of the Corporation, Statement of Management's Responsibility for the 2023 Consolidated Audited Financial Statements, SEC Form 17-Q covering the Interim Unaudited Financial Statements for the 1st and 2nd Quarter of 2024.

The Corporation will provide without charge each person solicited, on the written request of any such person, a copy of the Corporation's Annual Report for 2023 (SEC Form 17-A). Such written request should be directed to the:

Corporate Secretary
Basic Energy Corporation
GM Building, Florida St., Brgy. Wack-Wack,
Greenhills East, Mandaluyong City

At the discretion of Management, a charge may be made for exhibits, provided the charge is limited to reasonable expenses incurred by the Corporation in furnishing the exhibits.

Copies of resolutions of the Board of Directors, since the 2023 Annual Stockholders' Meeting, are available for examination during office hours at the office of the Corporate Secretary.

PART II

SOLICITATION INFORMATION

Basic Energy Corporation will not be soliciting proxies in connection with the Annual Stockholders Meeting scheduled on September 18, 2024.

PART III

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, and after reasonable inquiry and to the best of our knowledge and belief and on behalf of the Corporation, we certify that the information set forth in this report is true, complete and correct.

Signed on 27 August 2024 at Mandaluyong City.

OSCAR L. DE VENECIA, JR. Chief Executive Officer	**LUISITO V. POBLETE** President and Chief Operating Officer
GWYNETH S. ONG Corporate Secretary	**ALAIN S. PANGAN** Vice-President for Finance

Annex A

Processes for Nomination of Directors For Election

(ii) The Board of Directors sets the date, time and venue for the year's annual stockholders meeting in its regular meeting at the latest approximately three (3) months before the annual stockholders meeting. The Compliance Officer discloses to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) the setting of the annual stockholders' meeting immediately after the Board meeting.

(iii) Any stockholder may submit nominations for election as members of the Board after the disclosures to the SEC and the PSE. Nominations shall be signed by the nominating stockholder and accepted and signed by the would-be nominee and submitted to the Nominating Committee at any time before the Committee submits the Final List of Nominees to the Board.

(iv) The Nominating Committee pre-screens the would-be nominees, ensuring that they possess all the qualifications and that they do not possess any of the disqualifications for directors as prescribed in the Manual on Corporate Governance, the Company's By-Laws and other applicable laws and regulations.

(v) The Nominating Committee shall have the right to require the nominating stockholder to submit a resume of the would-be nominee and such other documents as may be necessary for the Nomination Committee to undertake its pre-screening functions.

(vi) After the pre-screening process, the Nominating Committee prepares a Final List of all nominees and submits the list to the Board of Directors for approval, complete with the information required by the Securities Regulation Code.

(vii) The Final List of Nominees as approved by the Board shall be immediately disclosed to the SEC and the PSE. The Final List of Nominees is reported in the definitive Information Statement furnished to all stockholders prior to the stockholders' meeting. In case a nominee is not included in the Final List, the Corporate Secretary shall accordingly advise, in writing, the nominating stockholder and his/her nominee.

(viii) Only nominees whose names appear on the Final List of Nominees shall be eligible for election as directors. No other nomination shall be entertained after the Final List of Nominees shall have been disclosed and submitted to the SEC and the PSE. No further nominations shall be entertained or allowed on the floor during the actual stockholders' meeting.

Process for the Election of Directors

(i) The election of directors shall be part of the regular agenda for the annual stockholders meeting. The election of directors shall be preceded by a presentation of the material information on the nominees, their profiles, attendance report, appraisal and performance report, compensation report and disclosures on self-dealings and related party transactions, if any;

(ii) At the annual meeting of stockholders, every stockholder entitled to vote shall have the right to vote the number of shares of stocks standing in his own name in the stock books of the corporation at the time of the meeting. In the election of directors, a stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit, provided that the total number of votes cast shall not exceed the number of shares owned by the stockholder as shown in the books of the corporation multiplied by the whole number of directors to be elected.

(iii) No delinquent stock shall be voted.

(iv) If the number of the nominees does not exceed the number of directors to be elected, all the shares present or represented at the meeting will be cast by the Corporate Secretary in favor of the selected nominees. If the number of nominees exceeds the number of directors to be elected, voting will be done by ballot.

(v) The top nine (9) nominees with the most number of votes will be declared as the elected directors.

(vi) Counting of votes in the ballots will be done by the Corporate Secretary (or his authorized representatives) with the assistance of the representatives of the external auditors and/or the stock transfer agent of the Company.

(vii) All votes attaching to the shares of stock owned by stockholders whose proxies were received by the Corporate Secretary will be cast in accordance with the instructions given or authority granted under the proxies.

(Nothing Follows)

Annex B

ACTIONS TAKEN BY THE BOARD AND MANAGEMENT FOR THE TERM 2023-2024

DATE OF MEETING	TYPE OF MEETING	ACTIONS TAKEN
September 20, 2023	Organizational Meeting	1) Election of Directors and Officers of the Company for the term 2023-2024. 2) Appointment of Members of the Advisory Board and Board Committees for the term 2023-2024. 3) Appointment of Officers of the Company for the term 2023-2024.
October 5, 2023	Special Meeting	Approval of the authorized signatories for China Banking Corporation
November 5, 2023	Special Meeting	Approval of the authorized signatories for the following banks: 1) Landbank of the Philippines 2) Metropolitan Bank and Trust Company 3) Rizal Commercial Banking Corporation 4) Security Bank Corporation 5) BDO Unibank, Inc.
November 23,2023	Special Meeting	Appointment of Mr. Luisito Poblete as the Company's representative in the annual stockholders' meeting of Mabini Energy Corporation on December 6, 2023.
January 3, 2024	Special Meeting	Approval of retirement of business in Makati for the Company's office located at UB111 Paseo de Roxas Bldg., Paseo de Roxas Ave., Legaspi Village, Makati and designation of Mr. Oliver Villamoris as authorized representative
January 5, 2024	Special Meeting	Election of Mr. Gil Buenaventura as the third independent director of the Company.
January 9, 2024	Special Meeting	Approval of the additional listing of 450,000,000 common shares with the PSE and designation of Mr. Luisito V. Poblete as authorized signatory for the application.
January 13, 2024	Special Meeting	Approval of the authority of BEC to file and/or update its books of accounts and its Certificate of Registration with the Bureau of Internal Revenue and designation of Mr. Rico V. Verdan as

		authorized representative.
January 29, 2024	Special Meeting	Approval of the execution of a Memorandum of Understanding with Renova for the joint development of the Manini Wind Energy Project under the Company's subsidiary, Mabini Energy Corporation and designation of Mr. Luisito Poblete as authorized representative for the transaction.
February 27, 2024	Special Meeting	1) Approvval of the appointment of Ms. Mercedita Quimson and Mr. Felnher Faelnar as the Company's authorized representative to process TIN applications with the BIR 2) Assignment of WESC 2023-08-310 in favor of Pasuquin Wind Energy Corporation and designation of Mr. Oscar de Venecia as authorized representative for the transaction 3) Assignment of WESC 2023-05279 in favor of San Joaquin Wind Energy Corporation and designation of Mr. Oscar de Venecia as authorized representative for the transaction 4) Assignment of WESC 2023-06-286 in favor of Starfish Wind Energy Corporation and designation of Mr. Oscar de Venecia as authorized representative for the transaction
April 15, 2024	Regular Meeting	1) Approval of the authority to enter into a Joint Development and Shareholders Agreement with Renova , Inc. and designation of Mr. Oscar de Venecia as authorized representative for the transaction 2) Setting of the annual stockholders' meeting of the Company on July 24, 2024
April 30, 2024	Special Meeting	Appointment of Mr. Luisito Poblete as the Company's representative in the annual stockholders' meeting of Mabini Energy Corporation on May 8, 2024.
May 17, 2024	Special Meeting	1) Appointment of Mr. Luisito Poblete as the Company's representave in the annual stockholders' meeting of Mabini Energy Corporation on May 22, 2024. 2) Appointment of Mr. Luisito Poblete as the Company's authorized representative in relation to the consolidation of the Company's properties in Bolinao,

		Pangasinan
June 27, 2024	6. Regular Meeting	1) Election of Mr. Oscar S. Reyes as director; 2) Allocation of Php 13.6 Million for Mabini Energy Corporation (MEC), a subsidiary, in connection with MEC's Joint Development Shareholders' Agreement with RENOVA Inc. for the wind energy project in Mabini, Batangas; 3) Postponement of the 2024 Annual Stockholders' Meeting (ASM) of the Corporation from July 24, 2024 to September 18, 2024 to provide the Corporation adequate time to prepare and file the required submissions and ensure compliance with all required reports and procedures in connection with the ASM. The record date is set on August 29, 2024.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **31 March 2024**

2. Commission identification number: **36359**

3. BIR Tax Identification No.: **000-438-702-000**

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

5. Province, country or other jurisdiction of incorporation or organization: **Philippines**

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office: **GM Building, 240 EDSA, Barangay Wack Wack Greenhills East, Mandaluyong City**

   Postal code: **1556**

8. Issuer's telephone number, including area code: **+63 2 3224 4383**

9. Former name, former address and former fiscal year, if changed since last report: **N.A.**

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	14,668,643,064
Listed with PSE	14,218,643,064

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

    Yes [**X**] No [ ]

    If yes, state the name of such Stock Exchange and the classes of securities listed therein:

    Philippine Stock Exchange (“PSE”) **Common Shares**

12. Indicate by check mark whether the registrant:

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

    Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

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

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

    Yes [ ] No [**X**] This item is not applicable to the Company.

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

"Attachment A"

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

"Attachment A"

PART II--OTHER INFORMATION

"Attachment A"

The registrant may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant:	**Dominique P. Pascua**
Title:	Compliance Officer
Date:	
Principal Financial Officer:	**Alain S. Pangan**
Title:	VP – Finance
Date:	

ATTACHMENT "A"

FINANCIAL INFORMATION
For the period ended March 31, 2024

1. **The following Unaudited Financial Statements are contained in this report:**

   1.1 Unaudited Interim Consolidated Statement of Financial Position as at March 31, 2024 and Audited Consolidated Statement of Financial Position as at December 31, 2023
   1.2 Unaudited Interim Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2024 and 2023
   1.3 Unaudited Interim Consolidated Statements of Changes in Equity for the Three Months Ended March 31, 2024 and 2023
   1.4 Unaudited Interim Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2024 and 2023

2. **Management's Discussion and Analysis of Financial Condition and Results of Operations for the period ending December 31, 2023 and March 31, 2024**

   A. Key Performance Indicators

Management considers the following as key performance indicators of the company: Return on Investment (ROI), Profit Margin, Performance of Committed Work Programs, Current Ratio and Asset Turnover.

The following table shows the Top 5 performance indicators for the past three interim periods:

Key Performance Indicators	1st Quarter 2024	1st Quarter 2023	1st Quarter 2022
Return on Investments (ROI) (Net income / Ave. Stockholders' Equity)	0.29%	0.74%	3.29%
Profit Margin (Net income / Net Revenue)	0.09%	0.16%	0.89%
Current Ratio (Current Assets / Current Liabilities)	1.10:1	1.12:1	1.18:1
Asset Turnover (Net Revenue / Ave. Total Assets)	42.19%	59.14%	56.25%
Solvency Ratios			
Debt to Equity Ratio	3.27	3.13	3.75
Asset to Equity Ratio	4.27	4.13	5.26
Interest Coverage Ratio	1.20	1.21	NA

ROI (Net Income / Average Stockholders' Equity) measures the profitability of stockholders' investment. Profit Margin (Net Income / Net Revenue) measures the net income produced by each peso of revenue. Current Ratio (Current Assets / Current Liabilities) measures the short-term debt-paying ability of the company. Asset Turnover (Net Revenue / Average Total Assets) measures how efficiently assets are used to produce profit. Solvency Ratios measures the ability to meet the long term debts and obligations.

ROI was 0.29% for the 1st quarter of 2024, 0.74% for the 1st quarter of 2023 and 3.29% for the 1st quarter of 2022. The positive rates for the periods of 2024, 2023, and 2022 were due to the revenue recognized during the covered periods.

Net Profit Margin was 0.09% for the 1st quarter of 2024, 0.16% for the 1st quarter of 2023 and 0.89% for the 1st quarter of 2022. The positive rates for 2024, 2023, and 2022 were due to the revenue recognized during the covered periods.

Current Ratio 1.10:1 for the 1st quarter of 2024, 1.12:1 for the 1st quarter of 2023 and 1.18:1 for the 1st quarter of 2022. The decreases in current ratios in 2024 and 2023 were due to the increases in current liabilities.

Asset Turnover was 42.19% in the 1st quarter of 2024, 59.14% in the 1st quarter of 2023 and 56.25% in the 1st quarter of 2022. The increase in asset turnover in 2023 was due to the increase in revenue recognized during the period while the decrease in asset turnover in 2024 was due to the decrease in revenue recognized during the period.

Debt to Equity Ratio was 3.27 in the 1st quarter of 2024, 3.13 in the 1st quarter of 2023, and 3.75 in the 1st quarter of 2022. The decrease in debt-to-equity ratio in 2023 was due to the decrease in liability and the increase in debt-to-equity ratio in 2024 was primarily due to the increase in liability.

Asset to Equity Ratio was 4.27 in the 1st quarter of 2024, 4.13 in the 1st quarter of 2023, and 5.26 in the 1st quarter of 2022. The increase in ratio for 2024 was due to the increase in assets and the decrease in ratio in 2023 was due to the decrease in assets.

Interest Rate Coverage Ratio for the 1st quarter of 2024 was at 1.20 and 1.21 for the 1st quarter of 2023. The decrease in interest rate coverage ratio was due to the increase in finance cost.

B. Discussion and Analysis of Financial Condition as of March 31, 2024

For the period ending March 31, 2024, the company recorded total revenue of Php13.07 billion and cost of sales of Php12.65 billion resulting in a gross profit of Php420.58 million. Operating expenses of Php266.19 million, finance costs of Php197.97 million, share in net loss of associates and joint venture of Php8.9 million, other income of Php88.07 million and interest income of Php3.24 million, were recorded for the period ending March 31, 2024 resulting in consolidated income before tax of Php38.83 million. Consolidated net income after tax of Php11.58 million was recorded for the period ending March 31, 2024 after provision for income tax of Php27.26.

Total assets as of March 31, 2024 stood at around Php32.16 billion an increase of around Php2.37 billion from Php29.79 billion as of December 31, 2023. Current assets, composed mostly of cash and cash equivalents amounting to Php1.93 billion, trade and other receivables amounting to Php16.14 billion, inventories amounting to Php6.05 billion, and other current assets Php1.75 billion, increased by around Php2.37 billion. The increase in current assets is due to increases in cash and cash equivalents of Php89.22 million, trade and other receivables of Php1.37 billion, inventories of Php919.59 million. The increases in the aforementioned current assets were partially offset by the decrease in Other current assets of Php10.30 million. Non-current assets as of March 31, 2024 amounted to Php6.29 billion increased by around Php150,802 from its December 31, 2023 balance.

Total liabilities as of March 31, 2024 increased by around Php2.36 billion from Php22.27 billion as of December 31, 2023 to Php24.63 billion as of March 31, 2024. Current liabilities, composed of trade and other payables amounting to Php4.33 billion and current portion of loans payable amounting to Php19.22 billion increased by around Php2.81 billion primarily due to the increase in current portion of loans payable of around Php9.07 billion which was partially offset by the decreases in the trade and other payables of around Php6.26 billion. Noncurrent liabilities amounting to Php1.07 billion decreased by around Php455.42 million due to the decrease in loans payable – net of current portion of Php451.91 million and net deferred tax liability by Php3.89 million. The decrease in noncurrent liabilities was partially offset by the increase in net retirement benefit liability of Php372,996.

Total Stockholders' Equity as of March 31, 2024 stood at Php7.54 billion, with equity attributable to equity holders of the parent company at Php3.94 billion and equity attributable to non-controlling interest at Php3.60 billion, Total Stockholders' Equity as of March 31, 2024 of Php7.54 billion increased by around Php8.23 million from Php7.528 billion as of December 31, 2023.

The interim financial report is in compliance with generally accepted accounting principles. The same accounting policies and methods of computation were followed in the interim financial statements, as compared with the most recent audited financial statements, which are as of December 31, 2023.

The interim operations are not characterized by any seasonality or cyclicality. The nature and number of items affecting assets, liabilities, equity, net income and cash flows are explained in Attachment "A" on Financial Information for the period ending March 31, 2024.

There are no changes in estimates of amounts reported in prior interim periods of the current financial year or those reported in prior financial years.

There were no dividends paid (aggregate or per share) separately for ordinary shares and other shares.

Currently, the company has a single business and geographical segment and therefore, segment disclosures have not been included.

There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

There are no changes in the composition of the company during the interim period, including business conditions, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing of operations.

Since March 31, 2024, there are no other changes in contingent liabilities or assets and no new material contingencies, events or transactions that have occurred during the current interim period.

There are no trends, demands, commitments, events or uncertainties, known to management that will have a material impact on the company's liquidity.

There are no material commitments for capital expenditures and no seasonal aspects that have a material effect on the financial conditions or results of operations.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

There are no events that will trigger direct or contingent financial obligations that are material to the company, including any default or acceleration of an obligation.

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

The causes for any material changes (5% of the relevant accounts or such lower amount, which the company deems material on the basis of other factors) from period to period which include vertical and horizontal analysis of any material item, have been presented in this report.

There were no sales of unregistered or exempt securities, nor were there any issuances of securities constituting an exempt transaction.

Finally, there are no other material information for disclosure during the current interim period, whether under this report or under SEC Form 17-C.

C. Business Development/Project Updates

Wind Energy Project, Mabini, Batangas

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

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

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

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

Wind Energy Project – Panay Island (Iloilo and Antique)

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

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

Wind Energy Project – Calatagan, Batangas

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

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

Wind Energy Project – Pasuquin, Ilocos Norte

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

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

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

Solar Energy Project – Bolinao, Pangasinan

The Company is exploring to utilize and develop its 41-hectare lot property into a solar PV ground-mounted power project in Bolinao, Pangasinan. A capacity of at least 45MW can be developed in the said area based on the preliminary feasibility study done by JGC Philippines, a consulting and engineering firm hired by the Company to conduct such study.

The Company has also signed a Memorandum of Understanding (MOU) with Pangasinan I Electric Cooperative (PANELCO I) to jointly conduct a distribution impact study and the distribution assets study of PANELCO I to determine the viability of the proposed solar power project.

The Solar Power Plant is targeted to be embedded with PANELCO I's distribution system.

Solar Energy Project – San Rafael, Bulacan

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

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

Geothermal Energy

The Company is likewise involved in the exploration, development, and production of geothermal energy through its 20% interest in the Iriga Geothermal Power Project.

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

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

Green Energy E-Transport Program

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

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

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

E-Hub: A Renewable Energy and Public Transport Hub

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

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

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

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

Item 1. Financial Statements

The audited consolidated statement of financial position as at December 31, 2023, and the unaudited interim consolidated financial statements as at March 31, 2024 and for the three (3) months ended March 31, 2024 and 2023 and selected notes to the unaudited interim consolidated financial statements of Basic Energy Corporation (the Parent Company) and its subsidiaries (collectively referred to as the "Group") are filed as part of this Form 17Q.

BASIC ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

(With Comparative Audited Figures as at December 31, 2023)

	March 31, 2024	December 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents	**1,926,139,142**	1,836,923,389
Trade and other receivables	**16,140,121,501**	14,771,560,467
Inventories	**6,050,615,437**	5,131,020,877
Other current assets	**1,751,709,587**	1,762,011,755
Total Current Assets	**25,868,585,667**	23,501,516,488
Noncurrent Assets		
Property and equipment	**4,517,178,131**	4,699,489,821
Investment properties	**480,700,774**	342,860,757
Investments in associates and a joint venture	**189,328,976**	182,837,429
Receivable from sale of investment in an associate - net of current portion	**923,923,427**	901,408,183
Other noncurrent assets	**182,165,148**	166,549,464
Total Noncurrent Assets	**6,293,296,456**	6,293,145,654
TOTAL ASSETS	**32,161,882,123**	29,794,662,142
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	**4,332,683,171**	10,587,724,357
Current portion of loans payable	**19,222,878,188**	10,153,423,344
Total Current Liabilities	**23,555,561,359**	20,741,147,701
Noncurrent Liabilities		
Loans payable - net of current portion	**–**	451,909,360
Lease liability - net of current portion	**342,399,321**	342,399,321
Net retirement benefit liability	**372,996**	–
Net deferred tax liabilities	**727,154,179**	731,039,369
Total Noncurrent Liabilities	**1,069,926,496**	1,525,348,050
Total Liabilities	**24,625,487,855**	22,266,495,751
Equity		
Capital stock	**3,667,160,766**	3,667,160,766
Additional paid-in capital	**370,064,055**	370,064,055
Deficit	**(48,577,319)**	4,792,258
Treasury stock	**(3,240,000)**	(3,240,000)
Other equity reserves	**(48,550,596)**	(48,550,596)
Equity Attributable to Equity Holders of the Parent Company	**3,936,856,906**	3,990,226,483
Equity Attributable to Non-controlling Interests	**3,599,537,362**	3,537,939,908
Total Equity	**7,536,394,268**	7,528,166,391
	32,161,882,123	29,794,662,142

BASIC ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

	Periods Ended March 31	
	2024	2023
REVENUES	**₱ 13,068,704,687**	₱17,447,603,161
COST OF SALES AND SERVICES	**12,648,120,112**	17,062,873,326
GROSS PROFIT	**420,584,575**	384,729,835
GENERAL AND ADMINISTRATIVE EXPENSES	**(266,185,007)**	(289,926,703)
FINANCE COSTS	**(197,971,949)**	(132,120,944)
INTEREST INCOME	**3,239,481**	55,625,443
SHARE IN NET INCOME (LOSSES) OF ASSOCIATES AND A JOINT VENTURE	**(8,901,534)**	562,407
GAIN ON BARGAIN PURCHASE		
OTHER INCOME (LOSSES)	**88,066,023**	9,514,129
INCOME (LOSS) BEFORE INCOME TAX	**38,831,589**	28,384,167
INCOME TAX EXPENSE (BENEFIT)		
Current	**9,573,486**	114,938
Deferred	**17,682,890**	-
	27,256,376	114,938
NET INCOME (LOSS)	**₱ 11,575,213**	₱28,269,229
NET INCOME (LOSS) ATTRIBUTABLE TO:		
Equity holders of the Parent Company	**(₱53,489,575)**	(₱5,208,644)
Non-controlling interests	**65,064,788**	33,477,873
	11,575,213	28,269,229
Basic/Diluted Earnings (Loss) Per Share (EPS)	**₱0.0008**	₱0.0020

BASIC ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

					Other Equity Reserves								
	Note	Capital Stock	Additional Paid-in Capital	Deficit	Equity Reserve on Acquisition of Non-controlling Interest	Cumulative Gain (Loss) on Translation of Investments in Associates	Cumulative Unrealized Gain (Loss) on Changes in Fair Value of Financial Assets at FVOCI	Cumulative Translation Gain (Loss) on Consolidation of a Foreign Operation	Cumulative Remeasurement Gain (Loss) on Net Retirement Benefit Liability	Treasury Stock	Equity Attributable to Equity Holders of the Parent Company	Equity Attributable to Non-Controlling Interests	Total Equity
Balances as at December 31, 2023		**₱ 3,667,160,766**	**₱ 370,064,055**	**₱ 4,912,258**	**(₱ 53,945,929)**	**₱ 40,677**	**₱ 9,091,657**	**₱ 497,560**	**(₱ 4,234,561)**	**(₱3,240,000)**	**₱ 3,990,346,483**	**₱ 3,537,939,908**	**₱ 7,528,286,391**
Net income				**(53,780,668)**							**(53,780,668)**	**65,355,878**	**11,575,210**
Balances as at March 31, 2024		**3,667,160,766**	**370,064,055**	**(48,868,410)**	**(53,945,929)**	**40,677**	**9,091,657**	**497,560**	**(4,234,561)**	**(3,240,000)**	**3,936,565,815**	**3,603,295,786**	**7,539,861,601**
Balances as at December 31, 2022		₱3,554,660,766	₱352,939,718	(₱37,781,619)	(₱53,945,929)	–	₱8,961,947	₱2,440,838	₱146,685	(₱3,240,000)	₱3,824,182,406	₱3,490,070,357	₱7,314,252,763
Net income				(5,208,644)							(5,208,644)	33,477,873	28,269,229
Reclassification				12,719,119							12,719,119	(1,682,861)	11,036258
Realization of fair value changes on financial assets at FVOCI													
Other comprehensive loss							(270,000)	611,491	(36,301,913)		(35,960,422)		(35,960,422)
Balances as at March 31, 2023		3,554,660,766	352,939,718	(30,271,144)	(53,945,929)		8,691,947	3,052,329	(36,155,228)	(3,240,000)	3,795,732,459	3,521,865,369	7,317,597,828

BASIC ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**38,831,589**	28,269,229
Adjustments for:		
Depreciation and amortization	**77,552,070**	8,793,512
Share in net loss (income) of associates and a joint venture	**8,901,534**	(562,407)
Interest income	**(3,239,481)**	(55,625,443)
Unrealized foreign exchange gain	**4,435,195**	(9,484,172)
Realized gain from sale of financial assets at FVOCI	–	–
Impairment losses on trade and other receivables	–	22,810,925
Operating income (loss) before working capital changes	**126,480,907**	(5,798,356)
Decrease (Increase) in:		
Trade and other receivables	**(1,368,561,034)**	389,092,869
Inventories	**(919,594,560)**	(690,733,022)
Receivables from sale of non-current assets held for sale	–	(217,064,210)
Other current assets	**10,302,168**	(165,966,525)
Other noncurrent assets	**(15,615,684)**	(102,523,952)
Increase (decrease) in trade and other payables	**(6,258,508,519)**	(1,503,341,270)
Net cash generated from (used for) operations	**(8,425,496,722)**	(2,296,334,466)
Income taxes paid	–	–
Interest received	–	–
Contributions to retirement plan	–	–
Net cash provided by operating activities	**(8,425,496,722)**	(2,296,334,466)
CASH FLOWS FROM INVESTING ACTIVITIES		
Collection of notes receivable	–	–
(Additions)/Deductions to:		
Investment properties	**(100,521,633)**	–
Property and equipment	–	–
Other noncurrent assets	–	–
Proceeds from sale of:		
Long term placement	**2,922,726**	–
Investment property	–	–
Investment in associates	–	–
Unrealized gain(loss) on fair value adjustments	–	–
Net cash provided by investing activities	**(97,598,907)**	–
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of loans	**9,069,454,844**	3,714,321,000
Payments of:		
Trust receipts payable	–	(1,200,000,000)
Interest	**(5,202,924)**	(39,315,449)
Lease liabilities	–	(67,028,109)
Loans payable	**(451,909,360)**	–
Additional advances	–	–
Proceeds from issuance of capital stock	–	–
Net cash provided by financing activities	**8,612,342,560**	2,407,977,442
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**89,246,931**	111,642,976
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(31,178)**	138,570
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,836,923,389**	1,752,939,406
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,926,139,142**	1,864,720,952

BASIC ENERGY CORPORATION AND SUBSIDIARIES

AGING OF TRADE AND OTHER RECEIVABLES

AS AT MARCH 31, 2024

	Total	Current	1- 30 Days	31- 60 Days	61-90 Days	91-365 Days	Over 365 Days
Trade	14,221,735,457	10,676,853,446	3,470,961,897	8,078,648	12,288,662	44,071,742	9,481,062
Nontrade	8,908,637	-	-	-	-	-	8,908,637
Others	1,909,477,407	245,831,167	3,697,646	7,395,293	1,596,581	362,807,286	1,288,149,434
	16,140,121,501	**10,922,684,613**	**3,474,659,544**	**15,473,941**	**13,885,243**	**406,879,028**	**1,306,539,133**

BASIC ENERGY CORPORATION AND SUBSIDIARIES

AGING OF TRADE AND OTHER PAYABLES

AS AT MARCH 31, 2024

	Total	Current	1- 30 Days	31- 60 Days	61-90 Days	91-365 Days	Over 365 Days
Trade	3,263,358,639	2,775,505,491	211,693,350	1,851,084	-	-	274,308,714
Nontrade	81,429,650	-	-	-	-	-	81,429,650
Others	984,427,549	446,632,288	105,394,619	-	-	158,091,928	274,308,714
	4,329,215,838	**3,222,137,779**	**317,087,969**	**1,851,084**	**-**	**158,091,928**	**630,047,078**

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE NINE MONTHS ENDED MARCH 31, 2024
(With Comparative Information for 2023)

1. **General Information**

Corporate Information

Basic Energy Corporation (the Parent Company or BEC) was incorporated under the laws of the Republic of the Philippines and registered in the Philippine Securities and Exchange Commission (SEC) on September 19, 1968.

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

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

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

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

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

		Percentage of Ownership (%)			
		2023		2022	
	Nature of Business	**Direct**	**Indirect**	Direct	Indirect
Basic Diversified Industrial Holdings, Inc. (BDIHI)	Holding Company	**100.00**	**–**	100.00	–
Basic Biofuels Corporation (BBC)	Development of Biofuels	**100.00**	**–**	100.00	–
Basic Renewables, Inc. (BRI)	Development of Renewable Energy Resources	**100.00**	**–**	100.00	–
iBasic, Inc. (iBasic)	Development and Maintenance of Computer Software	**100.00**	**–**	100.00	–
Grandway Group Limited (GGL)*	Holding Company	**100.00**	**–**	100.00	–
Mabini Energy Corporation (MEC) (Formerly Basic Geothermal Energy Corporation)	Development of Renewable Energy Resources	**100.00**	**–**	–	–
Basic Energy Renewable Corporation (BERC)	Development of EV Charging Stations	**100.00**	**–**	–	–
San Joaquin Wind Energy Corporation (SJWEC)	Development of Wind Energy Resources	**100.00**	**–**	–	–
Starfish Wind Energy Corporation (SWEC)	Development of Wind Energy Resources	**100.00**	**–**	–	–
Pasuquin Wind Energy Corporation (PWEC)	Development of Wind Energy Resources	**100.00**	**–**	–	–
PT Basic Energy Solusi (PT BES)*	Oil Exploration	**–**	**95.00**	–	95.00
Southwest Resources, Inc. (SRI)	Oil Exploration	**72.58**	**–**	72.58	–
Filoil Energy Company, Inc. (FECI)	Holding Company	**60.00**	**–**	–	–
La Defense Filipinas Holdings Corporation (LDFHC)**	Hold and Invest in Real Properties	**–**	**36.00**	–	–
Filipinas Third Millenium Realty Corporation (FTMRC)***	Fuel Terminalling and Storage Services	**–**	**36.00**	–	–
Map 2000 Terminals, Inc. (M2TI)***	Fuel Terminalling and Storage Services	**–**	**36.00**	–	–
Filoil Logisitics Corporation (FLC)**	Wholesale and Distribution of Petroleum Products	**–**	**30.60**	–	–
Peninsula Land Bay Realty Corp. (PLBRC)***	Management Services	**–**	**18.00**	–	–

Status of Operations

On December 18, 2020, the Parent Company entered into a Memorandum of Agreement (MOA) with MAP 2000 Development Corporation (M2DC) for its subscription to 67% capital stock of the Parent Company for ₱2,800.0 million. The capital stock subscription was completed on September 30, 2021.

The Parent Company used the proceeds from the issuance of capital stock to partially fund its acquisition of 60% ownership in Filoil Energy Company, Inc. (FECI) for ₱3,000.0 million pursuant to the Subscription Agreement between the Parent Company and FECI on December 7, 2021. FECI is engaged in downstream petroleum business through its joint venture arrangement with an international petroleum company. The business operations of FECI includes supply and logistics, marketing and retail, and management of fuel depots and terminals with allied logistical services for petroleum products.

The acquisition significantly improved the Group's consolidated financial position and results of operations. The new board of directors and management continuously streamline the business operations of the Group to improve its business activities and create efficiency in its operations. This includes plan to sell some of its stock investments to generate funds to finance future projects on alternative and renewable energy sources.

On October 25, 2022, MEC officially commenced the wind resource assessment campaign after successfully installing and testing the meteorological mast facility at Mabini, Batangas for its potential 50MW Mabini Wind Energy Project.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group as at September 30, 2023 have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine interpretations from International Financial Reporting Interpretations Committee (IFRIC).

Measurement Bases

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

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

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

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

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

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

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

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

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

- Note 11 – Financial Assets at FVOCI
- Note 13 – Investment Properties
- Note 29 – Fair Value Measurement

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS effective January 1, 2022:

- Amendment to PFRS 16, *Leases - COVID-19-Related Rent Concessions beyond June 30, 2021* – In 2020, PFRS 16 was amended to provide practical expedient to lessees from applying the requirements on lease modifications for eligible rent concessions resulting from COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for a change that is not a lease modification, e.g., as a variable lease payment. This amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted, and covers eligible rent concessions until June 30, 2021.

  Due to the continuing impact of the pandemic, another amendment to PFRS 16 was issued in 2021, which allowed lessees to extend the application of the practical expedient regarding COVID-19-related rent concessions to reduction in lease payments that are due on or before June 30, 2022.

- Amendments to PFRS 3, *Business Combinations - Reference to Conceptual Framework* – The amendments replaced the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement ensures that the liabilities recognized in a business combination will remain the same as those recognized applying the current requirements in PFRS 3. The amendments also clarify that an acquirer shall not recognize contingent assets acquired in a business combination.

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

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

- Annual Improvements to PFRS 2018 to 2020 Cycle:

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

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

The adoption of the amended PFRS did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the unaudited interim consolidated financial statements, are summarized below:

Effective January 1, 2023:

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

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Income Taxes – Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments should be applied on a modified retrospective basis. Earlier application is permitted.

Effective January 1, 2024:

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

Deferred effectivity –

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

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Group shall also apply Amendments to PAS 1 – *Classification of Liabilities as Current or Noncurrent* for that period.

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

Basis of Consolidation

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

Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

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

Non-controlling Interests

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

Non-controlling interests (NCI) represent the following as at December 31, 2022 and 2021:

		% of Interest	
	Type of Interest	**2023**	2022
FECI	Direct	**40.00**	40.00
SRI	Direct	**27.42**	27.42
PT BES	Indirect	**5.00**	5.00
LDFHC	Indirect	**64.00**	64.00
FTMRC	Indirect	**64.00**	64.00
M2TI	Indirect	**64.00**	64.00
PLBRC	Indirect	**70.00**	70.00
FLC	Indirect	**69.40**	69.40

Business Combination and Goodwill

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

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

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

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

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

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

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

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

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

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

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

Classification of Assets and Liabilities between Current and Noncurrent

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

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

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

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

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

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

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

Financial Instruments

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

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

"Day 1" Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there are no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Financial Assets

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

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. The classification of a financial asset largely depends on the Group's business model for managing the asset and its contractual cash flow characteristics.

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

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

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

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

As at September 30, 2023 and December 31, 2022, the Group classified its derivative financial instrument under this category.

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

As at September 30, 2023 and December 31, 2022, the Group's cash and cash equivalents, trade and other receivables, refundable deposits, and long-term placements are included in this category.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, interest income (calculated using the effective interest rate method) and impairment gains or losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

As at September 30, 2023 and December 31, 2022, the Group's investments in quoted debt securities are classified under this category.

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

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

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

As at September 30, 2023 and December 31, 2022, the Group has quoted investments in equity securities which were irrevocably designated as financial assets at FVOCI.

Derivative Financial Instruments

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

Reclassification

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The right to receive cash flows from the asset has expired;
- The Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- The Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial Liabilities

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

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

As at September 30, 2023 and December 31, 2022, the Group does not have financial liabilities at FVPL.

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

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

As at September 30, 2023 and December 31, 2022, the Group's trade and other payables (excluding nonfinancial liabilities and derivative liability), trust receipts payable, loans payable, trusts receipts payable and lease liabilities are classified under this category.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Assets and Liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Investments in Associates and a Joint Venture

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

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

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

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

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

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

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

Investment Properties

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

Investment properties are initially measured at cost which pertains to the purchase price and any directly attributable costs related to the acquisition. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognized in profit or loss in the period in which they arise. Fair values are determined using market data approach by an accredited external independent real estate appraiser.

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

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

Deferred Exploration and Evaluation Costs

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

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

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

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

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

Intangible Asset

Intangible asset pertains to exploration rights. This is stated at cost, which includes purchase price and other direct costs, less accumulated amortization and any impairment in value. Intangible asset is amortized over their useful lives on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible asset with finite useful lives are recognized in profit or loss.

The useful life of an intangible asset arising from contractual or other legal rights should not exceed the period of those rights, but may be shorter depending on the period over which the intangible asset is expected to be used by the Group. Intangible asset is amortized on a straight-line basis over two (2) years.

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

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

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

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

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

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

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

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

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

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

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

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

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

Impairment of Nonfinancial Assets

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

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

Equity

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

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

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

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

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

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

Revenue Recognition

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

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

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

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

Service Income. Service income including hauling fees and port service income is recognized over the period that the related service is provided.

Income from Penalty on Delayed Payment of Receivables. Income from penalty on delayed payment of receivables are recognized when payments are received from customers.

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

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

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

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

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

Expense Recognition

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

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

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

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

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

Leases

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

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

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. The Group also assesses whether a contract contains a lease for each potential separate lease component.
Group as Lessor. Leases where the Group retains substantially all the risks and rewards of ownership are classified as operating leases. Rental income is recognized in profit or loss when earned upon the fulfilment of the variable considerations which are mutually agreed by the parties in the arrangement.

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

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

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

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

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

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

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

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

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

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

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

Employee Benefits

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

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

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

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

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

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

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

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

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

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

Income Taxes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Basic and Diluted Income (Loss) per Share

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

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

Events After the Reporting Date
Post year-end events that provide additional information about the Group's financial position at

reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

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

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

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

Judgments

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

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

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

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

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

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

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

The Group classifies land, building and improvements, and its construction in progress held to earn rentals as investment properties.

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

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

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

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

While significant components of fair value measurement were determined using verifiable objective evidence, such as foreign exchange rates, the amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect the financial statements.

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

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

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

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

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

Accordingly, the Group accounts for its equity interests in a joint venture using the equity method.

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

Assessment of Control on PLBRC. An entity is considered as a subsidiary when it is controlled by the Group. Control is established when the Group is exposed or has rights to variable returns from its involvement with an entity, and has the ability to affect those returns through its power over the entity.

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

Determination of Reportable Operating Segments. The Group has determined that it has reportable segments based on the following thresholds:

- Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.
- The absolute amount of its reported profit or loss is 10% or more, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.
- Its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the consolidated financial statements. The Group assessed that it has a single reportable operating segment which is the downstream oil operations, particularly the sale of petroleum products based on the criteria above.

<u>Accounting Estimates and Assumptions</u>

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

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

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

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

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

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

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

For cash in banks and cash equivalents, refundable deposit and debt instruments classified as financial assets at FVOCI, the Group assessed that the ECL is not material because the transactions with respect to these financial assets were entered only with banks and counterparties with good credit standing and relatively low risk of default. Accordingly, no provision for ECL on these financial assets was recognized in 2022, 2021 and 2020.

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

No provision for inventory obsolescence is recognized in the consolidated statements of comprehensive income as at September 30, 2023 and December 31, 2022.

Allocation of the Purchase Price in a Business Combination. The Group accounts for its business combinations using the acquisition method which requires extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the identifiable assets and liabilities assumed in a business combination at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill or gain on bargain purchase in profit or loss. The significant judgments and assumptions made in estimating the fair value to be assigned to the identifiable assets and liabilities assumed in a business combination can materially affect the consolidated financial statements.

The Group engaged an external qualified appraiser to measure the fair values of investment properties and property and equipment arising from the acquisition of FECI in 2021. However, the fair values of net assets acquired are based on provisional amounts while the Group sought an independent valuation of the investment in associates under FECI. As allowed under PFRS 3, *Business Combinations,* the Group has a one-year measurement period from the acquisition date within which to finalize the fair values of net assets acquired. Any changes in the provisional fair values of net assets acquired will affect the amount of gain on bargain purchase recognized in profit or loss.

Estimation of the Useful Lives of Property and Equipment. The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimates are based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amount and timing of recording of depreciation expense for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of property and equipment as at September 30, 2023 and 2022.

Determination of the Fair Value of Investment Properties. Investment properties are measured at fair values. The Group works closely with external qualified appraisers who performed the valuation using appropriate valuation techniques. The comparable market data were adjusted as necessary to reflect the specific assets' size, location and other characteristics. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 13 to the consolidated financial statements.

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

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

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

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

No impairment loss on nonfinancial assets was recognized in 2022 and 2021.

Determination of the Retirement Benefits. The determination of the net retirement benefit liability and expense is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 24 to the consolidated financial statements and include discount rates and salary increase rates among others. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded liability in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the net retirement benefit liability.

The Group has net retirement asset in a subsidiary and net retirement benefit liability in the Parent Company.

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

The Group has applied incremental borrowing rate ranging from 3.95% to 7.05% for the computation of lease liabilities and ROU assets.

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

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

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS"

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

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

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

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

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

Manuel Antonio Z. Gonzalez
Acting Chairman of the Board

Oscar L. De Venecia Jr.
Chief Executive Officer

Luisito V. Poblete
President

Alain S. Pangan
Vice President, Finance

Signed this 11th day of April 2024

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

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

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

Notary Public

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

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

3	6	3	5	9

COMPANY NAME

BASIC ENERGY CORPORATION AND
SUBSIDIARIES

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

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

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6,526	Last Wednesday of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Alain S. Pangan	aspangan@basicenergy.ph	(02) 8-892-9100	0999-227-8352

CONTACT PERSON'S ADDRESS

709 Coronado St., Hulo, Mandaluyong City

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

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

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
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Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

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

Other Information

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

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used, and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

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

REYES TACANDONG & CO.

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

March 21, 2024
Makati City, Metro Manila

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

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

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023 AND 2022
AND FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

1. General Information

Corporate Information

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

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

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

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

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

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

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

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

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

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

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

2. Summary of Material Accounting Policy Information

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

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

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

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

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

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

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

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

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

Adoption of Amendments to PFRS

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

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

Amendments in Issue But Not Yet Effective or Adopted

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

Basis of Consolidation

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

Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

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

Non-controlling Interests

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

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

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

Business Combination and Goodwill

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

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

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

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

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

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

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

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

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

Financial Instruments

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

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

"Day 1" Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there are no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Financial Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Impairment Financial Assets at Amortized Cost. The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at FVPL. ECL is based on the difference between the cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

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

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

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

Financial Liabilities

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

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

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

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

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

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

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

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

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

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Investments in Associates and a Joint Venture

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

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

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

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

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

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

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

Investment Properties

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

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

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

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

Other Nonfinancial Assets

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

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

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

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

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

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

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

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

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

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

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

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

Impairment of Nonfinancial Assets

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

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

Equity

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

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

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

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

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

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

Revenue Recognition

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

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

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

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

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

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

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

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

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

Expense Recognition

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

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

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

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

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

Leases

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Employee Benefits

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

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

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

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

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

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

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

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

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

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

Income Taxes

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

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

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

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

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

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

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

Related Party Transactions

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

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

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

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

Provisions and Contingencies

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

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

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

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

Basic and Diluted Income per Share

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

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

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

3. Judgments, Accounting Estimates and Assumptions

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

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

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

Judgments

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

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

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

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

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

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

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

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

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

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

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

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

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

While significant components of fair value measurement were determined using verifiable objective evidence, such as foreign exchange rates, the amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect the financial statements.

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

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

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

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

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

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

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

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

Assessment of Control on PLBRC. An entity is considered as a subsidiary when it is controlled by the Group. Control is established when the Group is exposed or has rights to variable returns from its involvement with an entity, and has the ability to affect those returns through its power over the entity.

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

Accounting Estimates and Assumptions

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

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

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

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

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

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

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

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

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

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

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

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

Estimation of the Useful Lives of Property and Equipment (Excluding Land and Construction in Progress and Equipment for Installation). The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimates are based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Information about provision are disclosed in Note 13.

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

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

4. Material Noncontrolling Interest

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

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

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

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

5. Cash and Cash Equivalents

This account consists of:

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

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

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

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

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

6. Trade and Other Receivables

This account consists of:

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

Trade Receivables

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

Notes Receivable
This account consists of the following:

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

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

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

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

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

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

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

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

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

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

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

Allowance for ECL on Trade and other Receivables

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

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

7. Inventories

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

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

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

8. Other Current Assets

This account consists of:

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

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

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

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

9. Investments in Associates and a Joint Venture

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Investment Properties

The balances and movements in this account are as follows:

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

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

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

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

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

The significant inputs to fair valuation are as follows:

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

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

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

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

11. Property and Equipment

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

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

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

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

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

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

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

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

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

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

12. Other Noncurrent Assets

This account consists of:

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

Long-term Placements

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

Financial Assets at FVOCI

The movements in financial assets at FVOCI are as follows:

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

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

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

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

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

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

13. Trade and Other Payables

This account consists of:

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

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

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

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

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

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

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

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

14. Loans and Trust Receipts Payable

Loans Payable

This account consists of:

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

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

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

Borrowings with Local Banks

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

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

Standby Credit Facility Agreement with a Related Party

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

Note Payable

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

Debt Covenant

The Group is not covered by any restrictive loan covenant.

Trust Receipts Payables

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

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

Finance Costs

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

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

Reconciliation of Liabilities Arising from Financing Activities

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

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

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

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

15. Equity

Capital Stock

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

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

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

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

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

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

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

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

16. Revenues

This account consists of:

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

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

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

17. Cost of Sales and Services

This account consists of:

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

18. General and Administrative Expenses

This account consists of:

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

Others include utilities, supplies and training-related expenses.

19. Other Income - Net

This account consists of:

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

Gain on Bargain Purchase

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

20. Related Party Transactions

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

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

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

Terms and Conditions of Transactions and Balances with Related Parties

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

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

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

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

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

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

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

21. Retirement Benefits

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

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

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

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

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

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

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

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

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

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

Net Retirement Asset of the Operating Subsidiary

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

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

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

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

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

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

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

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

Retirement Expense

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

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

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

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

Attributable to Parent Company

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

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

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

Attributable to Non-Controlling Interests

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

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

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

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

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

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

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

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

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

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

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

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

Risks Associated with the Retirement Plan

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

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

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

Funding Arrangements and Expected Contributions

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

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

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

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

22. Leases

Group as a Lessee

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

ROU Assets

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

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

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

Lease Liabilities

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

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

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

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

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

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

Lease Modification

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

Refundable Deposit

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

Short-term Lease

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

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

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

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

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

Group as Lessor

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

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

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

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

23. Segment Reporting

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

24. Income Taxes

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

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

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

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

Unrecognized deferred tax assets consist of the following:

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

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

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

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

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

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

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

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

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

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

25. Basic and Diluted Income per Share

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

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

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

26. Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

27. Financial Risk Management Objectives and Policies

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

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

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

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

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

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

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

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

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

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

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

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the counterparties.

The Group also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the counterparty.

Debt Securities at FVOCI
The Group's quoted debt securities at FVOCI is subject to credit risk. The Group limits its exposure to credit risk by acquiring quoted debt securities from companies with good credit standing and a relatively low risk of default. The Group recognizes changes in the fair value of the debt securities, whether attributable to changes in market conditions or changes in credit risk, in other comprehensive income.

The table below shows the carrying amounts of financial assets at amortized cost classified under 12-month ECL and lifetime ECL as at December 31, 2023 and 2022:

	2023			
	Financial Assets at Amortized Cost			
	12-month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Total
Cash and cash equivalents*	₱1,836,276,660	₱–	₱–	₱1,836,276,660
Trade and other receivables	13,392,302,470	1,379,257,997	10,244,424	14,781,804,891
Receivable from sale of investment in an associate - net of current portion	901,408,183	–	–	901,408,183
Refundable deposits	73,456,779	–	–	73,456,779
Long-term placements	28,628,480	–	–	28,628,480
Noncurrent portion of notes receivable	–	14,626,438	–	14,626,438
	₱16,232,072,572	₱1,393,884,435	₱10,244,424	₱17,636,201,431

**Excluding cash on hand amounting to ₱0.6 million as at December 31, 2023.*

	2022			
	Financial Assets at Amortized Cost			
	12-month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Total
Cash and cash equivalents*	₱1,147,705,880	₱–	₱–	₱1,147,705,880
Trade and other receivables	12,657,544,424	1,050,001,915	10,244,424	13,717,790,763
Receivable from sale of investment in an associate - net of current portion	1,037,640,740	–	–	1,037,640,740
Refundable deposits	43,043,857	–	–	43,043,857
Long-term placements	105,056,515	–	–	105,056,515
Noncurrent portion of notes receivable	–	36,440,828	–	36,440,828
	₱14,990,991,416	₱1,086,442,743	₱10,244,424	₱16,087,678,583

**Excluding cash on hand amounting to ₱0.6 million as at December 31, 2022.*

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Group's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

To manage this exposure and to ensure sufficient liquidity levels, the Group closely monitors its collections and expenditures by preparing cash position reports that present actual and projected cash flows for the subsequent month.

The table below summarizes the maturity profile of the Group's financial liabilities as at December 31, 2023 and 2022 based on contractual undiscounted payments.

	2023					
	On Demand	1 to 3 Months	>3 to 12 Months	>1 to 5 Years	More than 5 Years	Total
Trade and other payables*	₱9,344,878,170	₱56,013,526	₱975,571,952	₱–	₱–	₱10,376,463,648
Lease liabilities	–	–	253,561,609	139,898,457	129,117,454	522,577,520
Loans payable**	–	–	10,008,650,000	596,682,704	–	10,605,332,704
	₱9,344,878,170	₱56,013,526	₱11,237,783,561	₱736,581,161	₱129,117,454	₱21,504,373,872

**Excluding nonfinancial liabilities and current portion of lease liabilities amounting to ₱31.1 million and ₱180.2 million as at December 31, 2023, respectively.*
***Including future interest payable*

	2022					
	On Demand	1 to 3 Months	>3 to 12 Months	>1 to 5 Years	More than 5 Years	Total
Trade and other payables*	₱11,755,658,612	₱85,425,827	₱947,487,489	₱–	₱–	₱12,788,571,928
Trust receipts payable	1,200,000,000	–	–	–	–	1,200,000,000
Lease liabilities	–	52,359,761	219,948,532	347,303,031	260,935,997	880,547,321
Loans payable**	–	–	5,449,179,000	600,956,346	–	6,050,135,346
	₱12,955,658,612	₱137,785,588	₱6,616,615,021	₱948,259,377	₱260,935,997	₱20,919,254,595

Excluding nonfinancial liabilities and current portion of lease liabilities amounting to ₱32.8 million and ₱247.7 million as at December 31, 2022, respectively.
***Including future interest payable*

Market Risks
The Group is exposed to market risks, primarily those related to foreign currency risk, equity price risk and interest rate risk.

Foreign Currency Risk. Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency.

The Group's transactional currency exposures arise from its transactions denominated in United States Dollar (USD) and Indonesian Rupiah (IDR). The Group periodically reviews the trend of the changes in foreign exchange rates to address its exposure to foreign currency risk. The Group's policy is to maintain foreign currency exposure within acceptable limits and within the existing regulatory guidelines.

The following table shows the Group's foreign currency-denominated monetary financial assets and liabilities, and their Philippine Peso equivalents:

	2023		2022	
	Original Currency	**Philippine Peso**	Original Currency	Philippine Peso
Denominated in USD				
Financial assets at amortized cost:				
Cash and cash equivalents	**$999,252**	**₱55,328,597**	$1,074,394	₱59,902,837
Nontrade receivables	**160,893**	**8,908,637**	–	–
Refundable deposit	**–**	**–**	444,960	24,808,745
	$1,160,145	**₱64,237,234**	$1,519,354	₱84,711,582
Financial liability at amortized cost -				
Trade payables	**$71,771,657**	**₱3,973,996,648**	$123,311,434	₱6,875,845,550
Denominated in IDR				
Financial assets at amortized cost:				
Cash and cash equivalents	**IDR25,197,330**	**₱90,710**	IDR38,566,878	₱138,841
Trade receivable	**126,589,426**	**455,722**	126,571,277	455,657
	IDR151,786,756	**₱546,432**	IDR165,138,155	₱594,498
Financial liabilities at amortized cost -				
Trade and other payables	**IDR50,363,634,663**	**₱181,309,085**	IDR50,363,634,663	₱181,309,085

For purposes of translating the foreign-currency-denominated monetary assets and liabilities as of December 31, the exchange rates applied were as follows:

	2023	2022
USD	**₱55.37 to USD1**	₱55.76 to USD1
IDR	**₱0.0036 to IDR1**	₱0.0036 to IDR1

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant, of the Group's income before tax and equity in 2023 and 2022.

	US Dollar		
	Increase (Decrease) in Exchange Rates	Effect on Income Before Tax	Effect on Equity
2023	**0.80**	**₱56,489,210**	**₱42,366,907**
	(0.80)	**(56,489,210)**	**(42,366,907)**
2022	2.61	₱317,877,329	₱238,407,997
	(2.61)	(317,877,329)	(238,407,997)

The Group enters into foreign exchange forward contracts to manage its foreign currency risk on its US Dollar-denominated trade payables, whereby the Group purchases certain amount of US Dollars at a fixed forward rate to facilitate the settlement of the Group's foreign-currency denominated fuel purchases. Derivative liability as at December 31, 2023 and unrealized loss on derivative liability in 2023 arising from outstanding foreign exchange forward contacts amounted to ₱154.3 million. Derivative liability as at December 31, 2022 and unrealized loss on derivative asset in 2022 arising from outstanding foreign exchange forward contracts amounted to ₱19.5 million (see Note 13).

As at December 31, 2023 and 2022, the Group's exposure to the possible changes in IDR is insignificant.

Commodity Price Risk. Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in market prices of commodities. The Group's commodity price risk results primarily from fluctuations of the commodity prices of fuel purchases from the date of delivery until the date of agreed price setting with the suppliers. Accordingly, derivative liability and unrealized loss on derivative liability on commodity price risk, which is embedded in outstanding fuel purchase contracts, amounted to ₱4.0 million and ₱45.3 million as at and for the years ended December 31, 2023 and 2022, respectively.

The Group manages its commodity price risk on its fuel purchases by considering the agreed price with the suppliers in its price build-up for its fuel sale transactions.

The following table demonstrates the sensitivity of income before income tax and equity for the year ended December 31, 2023 due to a reasonably possible change in commodity prices of fuel purchases, with all other variables held constant.

	Increase (Decrease)	Effect on Income Before Tax	Effect on Equity
2023	**9.70%**	**₱328,697,355**	**₱246,523,016**
	(9.70%)	**(328,697,355)**	**(246,523,016)**
2022	18.15%	₱227,236,531	₱170,427,398
	(18.15%)	(227,236,531)	(170,427,398)

Interest rate risk. The Group's exposure to the risk of changes in market interest rates is minimal since the Group's interest-bearing financial assets consist primarily of notes receivable and long-term placements which have fixed interest rates. The Group also has short-term loan arrangements with its creditors which bear annual interest rates ranging from 3.80% to 10.0% in 2023 and 2022, respectively.

The Group regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take. No sensitivity analysis is needed as future interest rate changes are not expected to significantly affect the Group's consolidated net income.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong and healthy financial position to drive its expansion and growth in the future.

The Group considers its capital stock and additional paid-in capital aggregating to ₱4,037.2 million and ₱3,907.6 million as at December 31, 2023 and 2022 as its capital employed. The Group manages the capital structure and will make adjustments when there are changes in the economic conditions, business activities, expense programs and the risk characteristics of underlying assets. No changes were made in the objectives, policies or in 2023 and 2022.

The Group is not subject to externally-imposed capital requirements.

28. Contingencies

In December 2022, the Group filed a request for arbitration before the International Chamber of Commerce Singapore in relation to the deed of assignment of lease contract with its related party, and the original lease agreement. Further, in February 2023, the Group and its related party responded to an unlawful detainer/forcible entry filed against it before a municipal trial court (MTC). The Group, in its response, filed a motion to suspend the complaint and refer the parties to Arbitration which was subsequently granted by the municipal trial court. In November 2023, the plaintiff filed a petition to nullify such court decision.

As at March 21, 2024, the MTC's standing decision on the foregoing legal cases is to suspend the local case filed (an unlawful detainer/forcible entry) and to refer the Parties to resolve their issues first through arbitration.

Management and its legal counsels do not believe that any current proceedings will have material adverse effects on its financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Basic Energy Corporation and Subsidiaries
UB 111 Paseo de Roxas Building,
Legaspi Village, San Lorenzo
Makati City

We have audited in accordance with the Philippine Standards on Auditing, the consolidated financial statements of Basic Energy Corporation and Subsidiaries (the Group) as at and for the years ended December 31, 2023, 2022 and 2021 and have issued our report dated March 21, 2024. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Financial Assets
- Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders
- Amounts Receivable from Related Parties which are Eliminated during Consolidation of Financial Statements
- Long-term Debt
- Indebtedness to Related Parties
- Guarantees of Securities and Other Issuers
- Capital Stock
- Reconciliation of the Retained Earnings Available for Dividend Declaration under the Revised SRC Rule 68
- Supplementary Schedule of the Map of the Conglomerate

The supplementary schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

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PTR No. 10072411
Issued January 2, 2024, Makati City

March 21, 2024
Makati City, Metro Manila

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE A
FINANCIAL ASSETS
DECEMBER 31, 2023

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued
Cash in Banks			
BDO Unibank, Inc.	–	₱795,315,819	₱1,383,085
Rizal Commercial Banking Corporation	–	477,963,848	5,972,580
Bank of the Philippine Islands	–	249,536,250	762,527
China Banking Corporation	–	138,670,003	66,748
United Overseas Bank	–	20,357,070	48,627
Metropolitan Bank and Trust Company	–	11,110,476	17,170
Security Bank Corporation	–	195,897	88
CTBC Bank	–	147,506	218
Bank Negara Indonesia	–	65,803	–
Landbank of the Philippines	–	39,999	18
	–	₱1,693,402,671	₱8,251,061
Short-Term Placements			
China Banking Corporation	–	43,673,263	2,339,408
BDO Private Bank	–	12,514,492	29,095
Bank of the Philippine Islands	–	66,272,862	1,988,700
Rizal Commercial Banking Corporation	–	20,413,372	413,372
	–	142,873,989	4,770,575
	–	₱1,836,276,660	₱13,021,636
Trade Receivables			
Total (Philippines) Corporation	–	₱8,292,562,152	₱20,942,915,726
Ecology Energy Corp.	–	3,172,357,833	14,227,943,486
Phoenix Petroleum Philippines, Inc.	–	561,314,708	2,037,338,210
Petron Corporation	–	283,884,182	3,486,453,482
Powerzone Petroleum Products	–	135,349,572	1,058,847,983
Insular Oil Corp.	–	123,734,748	3,676,338,370
Gasso Fuel Trading, Inc.	–	86,592,359	502,715,679
Pilipinas Shell Petroleum Corp.	–	37,271,949	485,135,808
Others	–	276,996,732	17,369,029,689
	–	₱12,970,064,235	₱63,786,718,433
Notes Receivable			
Filoil Philippines Corporation	–	₱521,224,038	₱15,636,721
Ecology Marine Transport Specialist, Inc.	–	203,247,636	6,097,429
Gasso Fuel Trading, Inc	–	38,355,616	3,532,914
Brothers Burger, Inc.	–	39,589,632	1,187,689
Homegrown Olympic Management Enterprises	–	35,226,207	598,391
Others	–	33,388,738	458,395
	–	₱871,031,867	₱27,511,539
Advances to Related Parties			
Filoil Philippines Corporation		₱630,861,607	₱–
Receivable from Sale of Investment in an Associate			
Filoil Philippines Corporation		₱1,147,075,746	₱109,435,006

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI):			
Quoted Equity Securities:			
Alabang Country Club, Inc	1	₱12,000,000	₱–
FEC Resources Inc.	1,000,000	94,129	–
Metropolitan Bank & Trust Co.	489	25,086	–
PLDT Inc.	20	25,580	–
		₱12,144,795	₱–
Long-term Placements			
Malayan Bank		₱18,628,480	₱341,525
Rizal Commercial Banking Corporation		10,000,000	440,000
		₱28,628,480	₱781,525
Total		₱17,496,083,390	₱63,937,468,139

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE B
AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES
AND PRINCIPAL STOCKHOLDERS
DECEMBER 31, 2023

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of period
			Not applicable				

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE C
AMOUNTS RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2023

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Year
PT Basic Energy Solusi	₱193,962,545	₱–	₱1,767,849	₱–	₱192,194,696	₱–	₱192,194,696
Grandway Group Limited	221,495,671	–	45,760,784	–	175,734,887	–	175,734,887
Basic Diversified Industrial Holdings, Inc.	22,753,218	138,451	–	–	22,891,669	–	22,891,669
Mabini Energy Corporation	9,213,112	2,556,670	–	–	11,769,782	–	11,769,782
Basic Biofuels Corporation	6,557,678	86,372	–	–	6,644,050	–	6,644,050
Starfish Wind Energy Corporation	–	1,359,694	–	–	1,359,694	–	1,359,694
San Joaquin Wind Energy Corporation	–	1,346,151	–	–	1,346,151	–	1,346,151
Pasuiquin Wind Energy Corporation	–	807,797	–	–	807,797	–	807,797
Southwest Resources, Inc.	692,524	45,585	–	–	738,109	–	738,109
iBasic, Inc.	651,841	–	512,798	–	139,043	–	139,043
Basic Energy Renewables Corporation	182,140	45,508	–	–	227,648	–	227,648
Basic Renewables, Inc.	178,220	50,020	–	–	228,240	–	228,240
	₱455,686,949	₱6,436,248	₱48,041,431	₱–	₱414,081,766	₱–	₱414,081,766

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE D
LONG-TERM DEBT
DECEMBER 31, 2023

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of loans payable" in related balance sheet	Amount shown under caption "Loans Payable - net of current portion" in related balance sheet	Interest rate	Maturity dates
		Not applicable			

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE E
INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2023

Name of related party	Balance at beginning of period	Balance at end of period
Total (Philippines) Corporation	₱451,909,360	₱451,909,360

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE F
GUARANTEES OF SECURITIES AND OTHER ISSUERS
DECEMBER 31, 2023

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
		Not applicable		

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE G
CAPITAL STOCK
DECEMBER 31, 2023

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Treasury Stock	Directors, officers and employees	Others
Common stock	20,000,000,000	14,668,643,064	–	18,000,000	18,000,000	763,843,205	13,868,799,859

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS UNDER THE REVISED SECURITIES AND REGULATIONS CODE RULE 68

DECEMBER 31, 2023 AND 2022

	2023	2022
Current assets	**₱23,501,516,488**	₱21,860,099,769
Divided by: Current liabilities	**21,193,057,061**	19,718,256,038
Current/liquidity ratio	**1.11**	1.11
Net income before depreciation and amortization	**₱726,811,924**	₱1,156,910,730
Divided by: Total liabilities	**22,266,495,751**	21,488,313,630
Solvency ratio	**0.03**	0.05
Total liabilities	**₱22,266,495,751**	₱21,488,313,630
Divided by: Total equity	**7,528,166,391**	7,314,252,763
Debt to equity ratio	**2.96**	2.94
Quick assets	**₱16,608,483,856**	₱14,855,857,261
Divided by: Current liabilities	**21,193,057,061**	19,718,256,038
Quick ratio	**0.78**	0.75
Total assets	**₱29,794,662,142**	₱28,802,566,393
Divided by: Total equity	**7,528,166,391**	7,314,252,763
Asset-to-equity ratio	**3.96**	3.94
Net income before interest expense and taxes	**₱774,026,789**	₱890,972,645
Divided by: Interest expense	**660,726,636**	244,702,946
Interest rate coverage ratio	**1.17**	3.64
Net income before interest expense after-tax	**₱760,318,140**	₱830,528,878
Divided by: Average total assets	**29,298,614,268**	24,079,767,655
Return on asset ratio	**0.03**	0.03
Net income	**₱99,591,504**	₱585,825,932
Divided by: Average total equity	**7,421,209,577**	7,004,763,679
Return on equity ratio	**0.01**	0.08
Net income	**₱99,591,504**	₱585,825,932
Divided by: Revenues	**64,073,556,426**	74,636,367,811
Net profit margin	**0.002**	0.008

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Basic Energy Corporation
UB 111 Paseo de Roxas Building
Legaspi Village, San Lorenzo
Makati City

We have audited in accordance with the Philippine Standards on Auditing, the consolidated financial statements of Basic Energy Corporation and Subsidiaries (the Group) as at and for the years ended December 31, 2023, 2022 and 2021 and have issued our report thereon dated March 21, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Supplementary Schedule of the Parent Company's Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Group's management.

The schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic consolidated financial statements. This information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the consolidated financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-011-2023
Valid until January 24, 2026
PTR No. 10072411
Issued January 2, 2024, Makati City

March 21, 2024
Makati City, Metro Manila

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023

BASIC ENERGY CORPORATION
UB 111 Paseo de Roxas Building
Legaspi Village, San Lorenzo, Makati City

Deficit, beginning of reporting period		(₱516,354,671)
Add: Net loss for the current year		(38,946,703)
Add: Unrealized fair value changes in investment properties	(₱11,097,814)	
Unrealized foreign exchange gain except for cash	(7,344)	(11,105,158)
Adjusted net loss		(50,051,861)
Deficit, end of reporting period		(₱566,406,532)

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8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Basic Energy Corporation and Subsidiaries
UB 111 Paseo de Roxas Building
Legaspi Village, San Lorenzo
Makati City

We have audited in accordance with Philippine Standards on Auditing, the basic consolidated financial statements of Basic Energy Corporation and Subsidiaries (the Group) as at December 31, 2022 and 2021 and for the years ended December 31, 2023, 2022 and 2021, and have issued our report thereon dated March 21, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole.

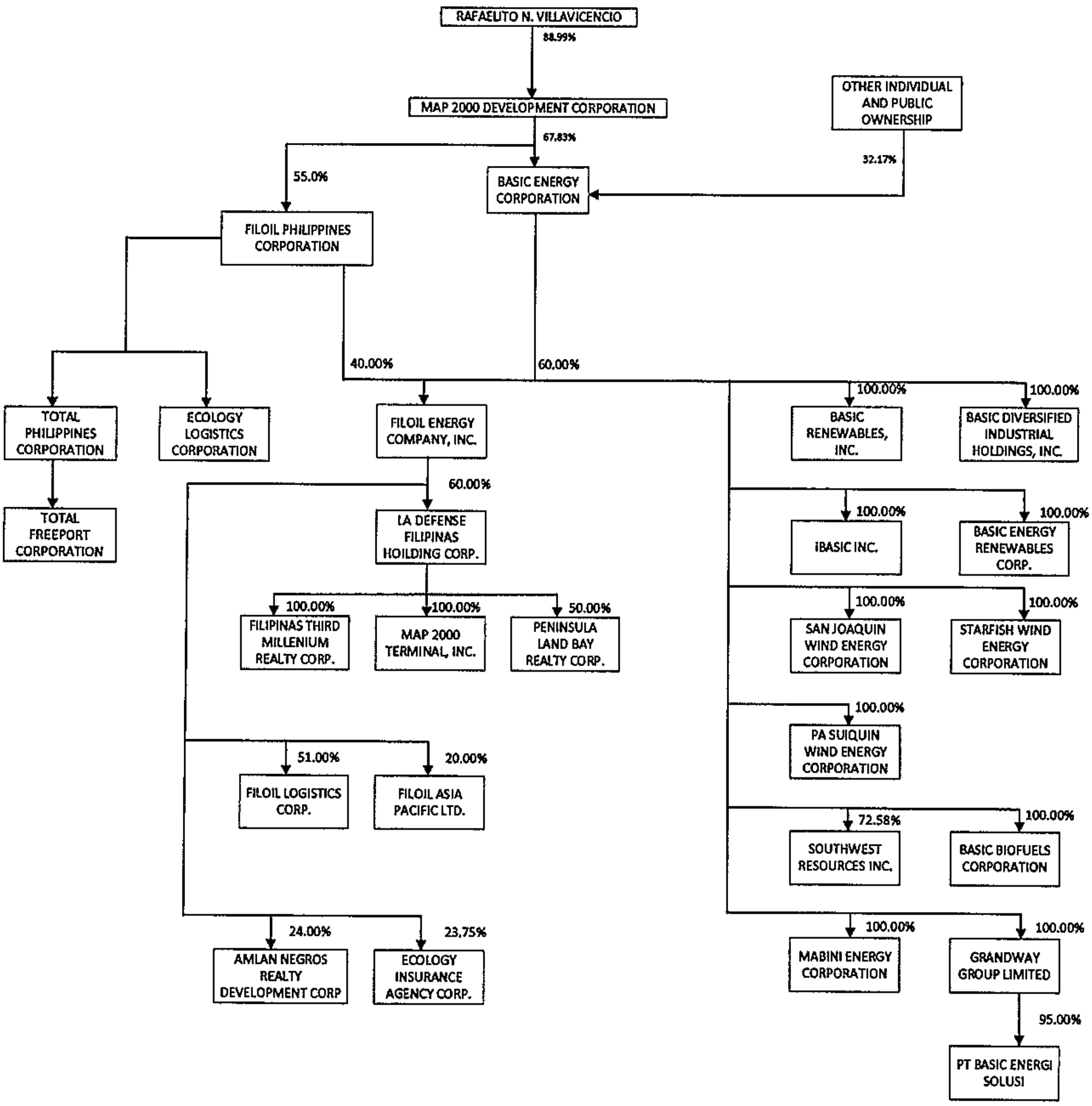
The supplementary schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of the financial soundness indicators contained in the supplementary schedule have been subjected to the auditing procedures applied in the audits of the consolidated financial statements and in our opinion, are fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-011-2020
Valid until January 1, 2023
PTR No. 10072411
Issued January 2, 2024, Makati City

March 21, 2024
Makati City, Metro Manila

BASIC ENERGY CORPORATION
SUPPLEMENTARY SCHEDULE OF THE MAP OF THE CONGLOMERATE
DECEMBER 31, 2023



2023 MANAGEMENT REPORT

PART I. BUSINESS AND GENERAL INFORMATION

(A) Description of Business

(1) Business Overview

The Company was organized initially as Basic Enterprises, Inc., a stock corporation, on September 19, 1968 and became an oil and gas exploration and development company on April 26, 1971. A year after, it assumed a new name, Basic Petroleum and Minerals, Inc. Over the years, the Company evolved from an operating company into a holding company under the corporate name, Basic Consolidated, Inc. until it changed its corporate name to Basic Energy Corporation in 2007.

As a holding company, it held equity investments in the following wholly-owned subsidiaries: Basic Diversified Industrial Holdings, Inc., an investment holding company; iBasic, Inc., an information technology management company and service integrator; Basic Biofuels Corporation, which is into the development of biofuels; Basic Renewables, Inc., which is into the development of renewable energy; Mabini Energy Corporation (formerly Basic Geothermal Energy Corporation), which holds the Wind Energy Service Contract for the development of a Wind Energy Project in Mabini, Batangas; Pasuquin Wind Energy Corporation, which holds the Wind Energy Service Contract for the development of a Wind Energy Project in Pasuquin, Ilocos Norte; Starfish Wind Energy Corporation, which holds the Wind Energy Service Contract for the development of a Wind Energy Project in Offshore Batangas; San Joaquin Wind Energy Corporation, which holds the Wind Energy Service Contract for the development of a Wind Energy Project in San Joaquin and Miagao, Iloilo; and Hamtic, Antique. Grandway Group Limited, a Hong Kong registered company, which is into investments in equities abroad; and Southwest Resources, Inc., an oil exploration company, which is owned 72.58% by the Company.

With the entry of MAP 2000 Development Corporation (M2DC) into the Company in December 2021, it will currently address the much-needed financial boost in developing a rounded portfolio of viable projects aimed at providing revenue streams in the short, medium and long terms.

The Company has invested in FilOil Energy Company Incorporated (FECI) for 60% ownership interest. The said company is the joint venture partner of Total Marketing Services (TMS) , the Philippine subsidiary of Total France. With such arrangement, the Company will have an indirect ownership in the joint venture companies of FECI and TMS, namely; FilOil Logistics Company, Total Philippines and La Defense Filipinas Holdings Incorporated.

As such, the Company will again be involved in the downstream and midstream oil and gas sector on top of its renewable energy development involvement.

(2) Business of the Company and its Subsidiaries

Wind Energy Project, Mabini, Batangas

Th Company, through its wholly owned subsidiary, Mabini Energy Corporation ("MEC"), has been awarded a Wind Energy Service Contract by the DOE on March 17, 2021 to explore, develop, and operate a wind energy power plant for a period of twenty-five (25) years, extensible for another twenty-five (25) years. The project shall be implemented under R.A. 9513 (Renewable Energy Act of 2008).

The exploration area to be covered is 4,860 hectares situated in Mabini, Batangas.

Currently, the Company has completed its Wind Resource Assessment ("WRA") campaign . The wind resource data is currently under data analysis and processing to come-up with the Wind Turbine Generator (WTG) layout (micro-siting) and Annual Energy Production (AEP) report that are necessary for the pre-development stage completion.

Subsequently, a full feasibility study, preliminary engineering and design, and financial closure will be done in order to secure the Declaration of Commerciality of the prospective power plant from the DOE. Such approval by the DOE will lead to the construction, testing and commissioning of the plant. Commercial operation of the said plant is expected to be by end of year 2027 or early Y2028.

Wind Energy Project – Panay Island (Iloilo and Antique)

The Company, through its wholly owned subsidiary, San Joaquin Wind Energy Corporation ("SJWEC"), has been awarded with another Wind Energy Service Contract by the DOE on June 14, 2023. The contracted area covers 13,932 hectares located in San Joaquin, Iloilo and Hamtic Antique. Result of the preliminary study shows that a potential of 155 MW to 194 MW power capacity can be produced in the contracted area. The project shall be implemented under R.A. 9513 (Renewable Energy Act of 2008).

Currently, the Company is preparing for the WRA campaign to fully assess the viability of wind resources in the area.

Wind Energy Project – Calatagan, Batangas

The Company, through its wholly owned subsidiary, Starfish Wind Energy Corporation ("SWEC") has been awarded with another Wind Energy Service Contract by the DOE on June 22, 2023. The contracted area, spanning 2,835 hectares in Calatagan, Batangas, is located in shallow waters with a bathymetric depth of less than 60 meters. Results of preliminary study shows that a potential of 140 MW to 175 MW power capacity can be produced in the exploration area. The project shall be implemented under R.A. 9513 (Renewable Energy Act of 2008).

Currently, the Company is preparing for the WRA campaign to fully assess the viability of wind resource in the area.

Wind Energy Project – Pasuquin, Ilocos Norte

The Company, through its wholly owned subsidiary, Pasuquin Wind Energy Corporation ("PWEC"), has been awarded with another Wind Energy Service Contract by the DOE on September 15, 2023. The contracted area, spanning 5,502 hectares in Pasuquin, Ilocos Norte, is located in shallow waters with a bathymetric depth of less than 60 meters. Result of preliminary study shows that a potential of 90 MW to 112 MW power capacity can be produced in the exploration area. The project shall be implemented under R.A. 9513 (Renewable Energy Act of 2008).

Currently, the Company is preparing for the WRA campaign to fully assess the viability of win resource in the area.

Solar Energy Project – Bolinao, Pangasinan

The Company is exploring to utilize and develop its 41-hecate lot property into a solar PV ground-mounted power project in Bolinao, Pangasinan. A capacity of at least 45MWp can be developed in the said area based on the preliminary feasibility study done by JGC Philippines, a consulting and engineering firm hired by the Company to conduct such study.

The Company has also signed a Memorandum of Understanding (MOU) with Pangasinan I Electric Cooperative (PANELCO I) to jointly conduct a distribution impact study and the distribution assets study of PANELCO I to determine the viability of the proposed solar power project. Recently, DIS has been completed by a 3rd party service provider which shows favorable results. A Distribution Asset Study (DAS) is now undergoing prior to formal negotiation with Panelco I for possible plant's interconnection under an embedded system.

Solar and Battery Energy Project – San Rafael, Bulacan

The Company is also exploring to utilize and develop a portion of a 12-hectare lot property into a solar PV ground-mounted and a standalone Battery Energy Storage System ("BESS") power project in San Rafael, Bulacan. The target capacity of the solar power plant is 10 MWp and a standalone BESS with 20 MWh energy rating. Both the Solar Power Plant and BESS will be connected to the electric company, MERALCO, through an embedded set-up.

Currently, the Company is preparing to conduct a preliminary study for the solar power plant. Also, a Letter of Interest (LOI) has been prepared and submitted to MERALCO signifying its interest to interconnect the system to the existing infrastructure. The Company will be conducting a series of discussions and negotiations with MERALCO for the interconnection and power supply aspect of the power plant.

Geothermal Energy

The Company is likewise involved in the exploration, development, and production of geothermal energy through its 20% interest in the Iriga Geothermal Power Project.

The Iriga Geothermal Power Project is located in Camarines Sur and is bounded to the north by the Isarog Geothermal Block of PNOC-RC and to the east by the highly productive Tiwi Geothermal Service Contract area of formerly Chevron, now AP Renewables Inc. The aerial landscape is dominated by Iriga or Asog Volcano, a stratovolcano immediately southwest of Lake Buhi in southern Luzon.

In 2016, Desco Inc. (Desco) entered into a Farm-in Agreement with the Company acquiring eighty (80%) percent participating interest in and operatorship of the Iriga Geothermal Project. The farm-in agreement and transfer of operatorship on the project to Desco was approved by the DOE in a letter received by the Company on November 8, 2026. In 2019, Desco received DOE's approval for the extension of its work program, which involved securing the permitting requirements for the project, NCIP certification and well site preparations for the drilling of exploratory wells.

Green Energy E-Transport Program

The Green Energy E-transport Program was conceptualized to address the national thrust of promoting renewable energy and the modernization of public-utility vehicles. The program will pursue the installation of rooftop solar systems on retails stations in partnership with carious oil companies. The solar energy generated by the solar system will be stored in power wall batteries to be utilized by the retail station to complement the electricity supply drawn from the grid.

Apart from the solar system, electric charging stations will be installed in the service stations to power the batteries of the modern electric buses that will replace the old jeepneys. This is designed to jumpstart the availability of e-charging networks for e-buses and other electric vehicles in the near future. The entire program is in line and underpinned by the government's direction enshrined in R.A.9513 (Renewable Energy Law) and R.A.11697 (Electric Vehicle Development Law). The rooftop solar systems coupled with electric vehicles for public utility will contribute to the reduction of carbon emission to address global warming.

Currently, the Company has implemented the program to three different retail stations namely: Ecooil Mandaluyong, Ecooil Cainta and Phoenix Vito Cruz. The Company continues to pursue partnerships with transport cooperatives and retail stations to replicate the program to different parts of the country.

E-Hub: A Renewable Energy and Public Transport Hub

The establishment of a renewable energy and public transport hub to be called the "E-Hub" is envisioned to modernize public transportation and generate electricity from renewable energy which amins to benefit the residents of the province/city. The E-Hub is compromised of two main components.

The first component is the construction of a transport terminal. This will serve as the nexus for provincial buses, e-Jeepneys/Buses, and tricycles that will facilitate the seamless movement of the commuting public. Additionally, the transport terminal will have EV charging stations and rentable merchandising spaces. An allied company will manufacture and supply class 2and class 3 e-Jeepneys/Buses to different transport cooperatives.

The second component is the Solar Power Plant with Battery Energy Storage System. The Solar Power Plant will supply electricity to the local electric cooperative. Also, the generated electricity can power the EV chargers located at the terminal for recharging of e-Jeepneys/Buses.

Currently, the Company has presented the concept to various local government units. Data gathering and preliminary study will be conducted to tailor-fit the E-Hub to the requirements and needs of the provinces/cities.

Risk Management

In the Geothermal, Solar and Wind Energy business and the various investments of the Company, the Company is faced with the following risks, in order of importance:

(a) Probability of Exploration and Development Success. Geothermal, Solar and Wind projects are inherently high-risk undertakings. There can be no assurance that the Company's activities will be successful in discovering commercially viable geothermal, solar or wind resources. Even if an apparently feasible resource is determined, there is no guarantee that it can be economically exploited. Despite the Company's reliance on advanced technology such as 3-D seismic data, particularly on the geothermal resource exploration with public available solar and wind data from NREL, mesoscale for the solar and wind, respectively, to improve the probability of success of discovery, geothermal, solar and wind energy operations are speculative businesses. Advanced technology, even with the correct interpretation, only assists in identifying the resource structures and does not ensure the certainty of the presence of commercially viable resources. Moreover, in geothermal operations, 3-D seismic data and other advanced technology require higher investments that may result in higher losses, should the drilling prove unsuccessful.

Risk of heavy financial losses if prospects would prove unsuccessful could be mitigated through:

Farming-Out of Interest: A Farm-Out Agreement is a contract whereby a third party agrees to acquire from a licensee an interest in a production license and the corresponding operating agreement for a consideration normally consisting of an undertaking to perform a specified work obligation in the drilling of one or more wells. Farming out is usually undertaken by the seller of interest as a source for funding or as part of the rationalization of a licensee's interests. The seller may want to dispose of areas or interests which are peripheral to its main operations or in which it has small equity holdings but would take up as much management time as a larger holding.

Spreading Exploration Risks through Joint Ventures in Several Exploration Blocks: Forming alliances and jointly bidding for the development of a range of opportunities in geothermal, solar and wind projects, mitigates exploration and development risks of a corporation as there is risk-sharing - the cost and responsibilities of drilling, development or production are spread over a number of entities. Joint ventures also enable companies to free up funds otherwise tied up in a single project and enable these companies to build a portfolio of prospects.

Exploring in Geological Proven Areas: The Company has been making investments and will continue to invest in geologically proven provinces only.

(b) Operating Hazards of Exploratory Drilling Activities and Environmental Risks (for geothermal projects). Drilling operations may be delayed, curtailed, or subjected to operating and technical difficulties. Unexpected drilling conditions, adverse weather conditions, unanticipated pressure or formations, equipment breakdowns, industrial and environmental accidents and other such events may occur which may have adverse effects on the Company's operations and correspondingly on its financial performance and condition. Geothermal exploration, development and drilling activities will be subject to Philippine environmental laws and regulations. Normal exploration and drilling operations involve certain operating hazards such as explosions, cratering, well blowouts, uncontrollable flows of steam, natural gas or well fluids, releases of toxic gas, accidental leakages, formations with abnormal pressures, fires, pollution and other environmental perils and risks, any of which may subject the Company to extensive liability or loss of assets.

Operating risks in the exploration and development drilling and production phases are generally directly driven by standards in design, procurement and installation, operating procedures, and contingency planning. The Company, in its investment evaluation process, considers the presence and implementation of the following measures and strategies to mitigate risk exposures: (i) hiring of technically competent staff that are adept in utilizing state-of-the-art technology and could conduct effective evaluation work; and (ii) ensuring adherence to the various environmental laws and regulations, taking into account not only local but international expectations as well.

(c) Volatility in Power Prices and Exchange Rate Risks. Revenues derived from successful operation of the projects and investments in energy-related ventures will be affected by changes in power prices or charges. Power prices and investments are sensitive to changes in the global supply and demand conditions, forward selling activities, domestic and foreign government regulations, environmental trends, overall global economic conditions, and other macroeconomic and political factors that are beyond the Company's control. Furthermore, if revenues or investments are pegged to the US dollar, the Company is exposed to exchange rate risks given the volatility of the rate of exchange between the US dollar and Philippine peso.

(d) Government Regulations and Approvals. Government action such as changes in regulations may affect the Company's business and eventual operating and financial performance. Government may limit access to prospective development areas, implement stricter environmental laws to protect human health and the environment, impose higher taxes and royalties, all of which may adversely affect the Company's financial performance.

For the risks mentioned in items (c) and (d) above, these risks could be mitigated through early identification systems of risk exposures to external threats such as changes in government regulations and changes in the geo-political environment of operating locations. The Company will continue to negotiate power price agreements with inputs from experts. The Company adheres to its policy of involving competent technical professionals in the preparation and negotiations of power price agreements. The Company will also continue to involve competent technical professionals in the preparation and negotiations of power purchase agreements for its projects.

(B) Employees

The Company has thirteen (13) officers and employees, of which four (4) are executive officers, seven (7) are assigned as technical, project, accounting, administrative, IT and operations support staff and two (2) are assigned for utility and service staff. In the next twelve (12) months, the Company is expected to hire additional personnel or engage the services of consultants as may be needed and as the Company pursues further development of its existing projects. As the Company pursues additional renewable energy projects, project managers, and engineering, technical and other support personnel may be required for these projects.

(C) Properties

The Company and its subsidiary, Basic Diversified Industrial Holdings Inc., own several parcels of land located in Bolinao, Pangasinan, containing an aggregate gross area of about 426,361 square meters. The property is located approximately 4.3 kilometers southwest from the Bolinao-Bani Provincial Road and is best suited for agro-industrial land development.

The Company also owns parcels of land located at Tanay, Rizal with a total area of 35,000 square meters, near the town proper with good roads and is suitable for residential housing development or for an agricultural farm project.

The Company also owns a parcel of land located at Gutalac, Zamboanga del Norte with an area of approximately 22 hectares, suitable for agricultural farm development.

To date, the Company or its subsidiaries do not have any plan to own additional properties for its projects.

(D) Legal Proceedings

The Company or its subsidiaries and affiliates are not involve in any pending legal proceeding(s) relative to properties or property interests of the Company, in the last five (5) years.

PART II. SECURITIES OF THE COMPANY

(A) Market Price and Dividends Information

1) **Market Information**

The shares of stock of the Company are traded in the Philippine Stock Exchange. The Company's high and low closing prices for each quarter of years 2022 and 2023, and the first and second quarters of 2024, are as follows:

	High			Low		
	2024	**2023**	**2022**	**2024**	**2023**	**2022**
1st Quarter	0.247	0.375	0.630	0.167	0.250	0.350
2nd Quarter	0.172	0.275	0.470	0.135	0.210	0.350
3rd Quarter		0.238	0.435		0.177	0.290
4th Quarter		0.247	0.320		0.174	0.260

The last trading price of shares of the Company at close of trading as of June 28, 2024 (June 30, 2024 is a non-trading day) was Php 0.140 per share, with a high of Php 0.140 per share and a low of Php 0.140 per share.

2) **Holders**

a. The Company has only one (1) class of shares- common shares. The total number of holders of common shares of the Company is 6,502 holders, as of June 30, 2023.

b. Top 20 Stockholders as of June 30, 2024:

NAME	**NUMBER OF SHARES HELD**	**PERCENTAGE** (To the Total Outstanding Shares)
PCD Nominee Corporation Filipino - 13,946,147,926 Non-Filipino - 87,553,074	14,033,701,000	95.671%
Ecology Energy Corporation	450,000,000	3.067%
Samuel Uy	10,000,000	0.068%
Horacio Rodriguez	4,408,523	0.030%
Christine Chua	3,149,221	0.021%
East West Commodities, Inc.	3,019,498	0.020%
PAIC Securities Corporation	2,025,906	0.013%
Northwest Securities, Inc.	1,977,273	0.013%
Santiago Tanchan	1,940,398	0.013%
Joseph D. Ong	1,602,391	0.010%
Phases Realtors Inc.	1,516,002	0.010%
Victoria Duca	1,363,249	0.009%
Aquatic Ranch Development Corp	1,353,080	0.009%
F. Yap Securities, Inc	1,317,969	0.009%
Victoria Duca	1,279,962	0.008%
David Go Sec.Corp	1,262,676	0.008%
Ricardo Ng	1,185,000	0.008%
Christodel Phils, Inc.	1,173,745	0.008%

Chung Guat Tioc	1,170,000	0.008%
Kensington Management Corporation	1,165,427	0.007%

c. Public Float

The Company is in compliance with the minimum public ownership requirement prescribed under existing regulations of the Securities and Exchange Commission and the Philippine Stock Exchange. The Company's level of public float as of June 30, 2023 is 26.79% of its total issued and outstanding shares.

3) Dividends

a. No cash/stock dividends have been declared in 2022 and 2021, as the Company continued to report losses for these years and no retained earnings were recorded from which dividends could be declared. The existing projects of the Company which have long gestation periods, are still in the pre-development stages, which prompted the Company to look for equity investments that can generate, in the short to medium terms, revenues that will beef up the retained earnings of the Company.

b. There are no restrictions that limit the payment of dividends on common shares.

4) Recent Sales of Unregistered or Exempt Securities

a. Issuance of Shares of Delinquent Shares Auctioned to Ecology Energy Corporation

Of the 1,462,500,000 shares subscribed in 2007 to support the capital increase of the Company in 2007 from Php 500 Million to Php2.5 Billion, 990,000,000 shares have been paid. The remaining 472,500,000 shares were declared delinquent as of June 10, 2021 and were auctioned on August 23, 2021. Only 22,500,000 shares (the "auctioned shares") were sold to three (3) winning bidders at said auction sale. The total amount of the winning bids for the auctioned shares in the amount of Php6,122,736.16 were paid on August 23, 2021. The request for confirmation of exemption from registration of these 22,500,000 shares under Section 10.1 (c) of the Securities Regulation Code, as amended, has been submitted to SEC, and the application for listing of these shares has been submitted to PSE. The 22,500,000 shares have been listed last May 23, 2023.

The remaining 450,000,000 shares, previously declared delinquent, were auctioned, and sold to Ecology Energy Corporation, the winning bidder. On October 27, 2023, the Corporation and Ecology Energy Corporation executed the Subscription Agreement for the Auctioned Shares. The Auctioned Shares were sold for Php129,982,336.67, inclusive of the subscription price at par value, as well as all accrued interest, advertisement costs, and auction expenses.

ANNEX 68-I Schedule
For the Abovementioned Shares
(For the Period ended June 30, 2023)

1. Gross proceeds as disclosed in the application for listing of the abovementioned shares with the Philippine Stock Exchange

Securities	Gross proceeds
a. Auctioned Shares of 450,000,000 shares	Php129,982,336.67

2. Actual gross proceeds

Securities	Gross proceeds
a. Auctioned Shares of 450,000,000 shares	Php129,982,336.67

3. Each expenditure item where the proceeds were used:

Securities	Expenditure item	Amount
a. Auctioned Shares of 450,000,000 shares	General & administrative expenses	Php129,982,336.67

(B) Description of Securities

The shares of the Company consist only one (1) class- common shares, which are voting shares, with a stated par value of Php0.25 per share. Each common share is equal in all respects to every other common share issued by the Company.

PART III. FINANCIAL INFORMATION

(A) Management's Discussions and Analysis and Plan of Operation

(1) Plan of Operations for 2024

Wind Energy Operations

The wind energy project of the Company seizes the opportunities of the Department of Energy's Philippine Energy Plan (PEP) 2017 –2040 and National Renewable Energy Plan (NREP) 2011-2030 target of a 2.1 GW additional capacity on wind development in Luzon by 2030. This project would institutionalize the Company's first major renewable energy project on its own undertaking and further provides revenue-generating growth for the Company. The project has a potential capacity of 50 MW and will be expected to be commercialized by the 3rd quarter of the Year 2027. A set of an initial 10 wind power turbines is expected to be installed and operational based on the initial modeling done by a wind expert company on 22 July 2019. A set of Class 10 wind turbines manufactured by Siemens-Gamesa or Vestas wind turbines with heights of 120 meters can be used since the area has an average wind speed of 7.0 to 8.0 meters per second.

The identified wind energy project covers most of the Calumpan Peninsula, within the Municipality of Mabini, Batangas. The wind mast is to be situated on top of Mount Gulugod Baboy, at an elevation of 450m above sea level. The identified site has a good wind exposure from the prevailing southwest (SW) wind direction, and good access roads across and going to the project site. The potential grid interconnection point is within the 15 km distance.

Under the approved WESC, the Company is committed to undertaking a 5 Year Pre-Development Wind Work program shown below. After the Pre-Development Phase and after a viable wind resource is established, a Declaration of Commerciality would bring the contract into the Development Stage. The final cost of the project would be determined through a detailed engineering and development design to be undertaken by the Company.

For 2022, the Company will be focusing on the Wind Resource Assessment campaign of the project, as the result of this assessment would support and lend further credence to the viability of the project that would attract interested partners and investors.

Green Energy E-Transport Program

The program involves establishing partnerships between the Company or a designated subsidiary, the transport operator, and the station dealer forming the ecosystem. For 2022, to start the project, the Company will be focused on identifying its partners, executing the covering agreements and procurement of the solar and e-charging systems to be installed in the retail gas stations.

Geothermal Energy Operations

For 2022, the Company will continue to monitor developments in its remaining project, the Iriga Geothermal project, and the implementation of the work program as approved by the DOE, involving the drilling of at least two (2) exploratory wells, and as shall be undertaken by its operator, Desco Inc. The Company is carried free in the first exploratory well, thus all costs for the work program up to the drilling of the first well shall be borne by Desco, Inc.

Since the Company is carried free for one (1) exploratory well, the Company plans to retain its 20% participating interest in this project in the meantime, and will make the decision whether or not to pursue this project further after the drilling results of the first exploratory well is determined and verified. Should there be other parties interested in the project in the future, the Company may consider an opportunity to divest its participating interest in the project, on terms beneficial to the Company. The Company is also considering selling its stake in this project to enable the Company to focus on its other renewable and related energy opportunities.

Business Development

The Company continues to pursue business opportunities for the development of renewable energy resources whether in the Philippines or abroad. The Company plans to be a major renewable energy and power company and with this objective, the Company is tasked to develop a robust portfolio of renewable energy projects such as solar and wind energy projects, in the Philippines and abroad, that will provide the Company with a continuing stream of revenues in the short and mid-terms.

(1) Management's Discussion and Analysis of Financial Condition and Results of Operations for 2023 and the First Quarter of 2024

A. Full fiscal years (Three years)

2023

For 2023, the Company's total assets stood at Php29.8 billion, an increase of Php1 billion from its previous year balance of Php28.8 million. Current assets with a balance of Php23.5 billion in 2023 increased by Php1.64 billion from Php21.86 billion in 2022. The increase in current assets is primarily attributable to the increases in trade & other receivables of Php1.06 billion, cash and cash equivalents of Php688.6 million and other current assets of Php351.5 million which were partially offset by the decreases in inventories of Php462.7 million. Non-current assets decreased by Php649.3 million from Php6.9 billion in 2022 to Php6.3 billion in 2023 primarily due to decreases in property & equipment of Php527.3 million, receivable from sale of investment in associate net of current portion of Php136.2 million and other noncurrent assets of Php68 million which were partially offset by the increases in investment properties of Php73.1 million and investment in associates and joint venture of Php9.2 million.

Total liabilities in 2023 closed at Php22.3 billion, an increase of Php778.2 million from the balance of Php21.5 billion in 2022. Current liabilities amounting to Php21.2 billion increased by Php1.5 billion from the balance of Php19.7 billion in 2022. The increase in current liabilities is primarily attributable to the increases in current portion of loans payable of Php5.2 billion which was partially offset by the increase decrease in trade and other payables by Php2.5 billion and trust receipts payable of Php1.2 billion. Noncurrent liabilities amounting to Php1.1 billion decreased by Php696.6 from the balance of Php1.8 billion in 2022. This was due to the decreases in loans payable – net of current portion of Php492.5 million, net deferred tax liability of Php68.8, lease liability – net of current portion of Php124.8 million and net retirement benefit liability of Php10.6 million.

Total equity recorded in 2023 was Php7.5 billion, an increase of Php213.9 million from the balance of Php7.3 billion in 2022. This was primarily due to the increases in capital stock of Php112.5 million, additional paid in capital of Php17.1 million, retained earnings of Php42.6 million and equity attributable to non-controlling interest of Php47.9 million which was partially offset by the decrease in other equity reserves of Php6.2 million.

For 2023, net sales generated amounted to Php64.1 billion with cost of sales of Php62.5 billion resulting to a gross profit of Php1.6 billion. Compared to 2022, wherein the Company recognized Php74.6 billion with cost of sales of Php72.8 billion, resulting to a gross profit of Php1.8 billion. The decreases in net sales, cost of sales and gross profit are primarily due to the decrease in sales volumes during the year. Other income and expense earned or incurred in 2023 are general & administrative expenses of Php1.3 billion, finance costs of Php660.7 million, share in net income of associates of Php9.1 million, other income – net of Php291 million and interest income of Php150.7 million.

For the year 2023, the Company recorded a consolidated net income of Php99.6 million, Php42.7 million of which is attributable to equity holders of the parent company and Php56.9 million to non-controlling interest. Including other comprehensive income of Php15.2 million, the total comprehensive income for the year amounted to Php84.4 million.

2022

For 2022, the Company's total assets stood at Php28.8 billion, an increase of Php9.4 billion from its previous year balance of Php19.4 billion. Current assets with a 2022 balance of Php21.9 billion increased by Php7.9 billion from the balance of Php13.9 billion in 2021. The increase in current assets is attributable to the increases in trade and other receivables of Php4.8 billion, inventories of Php4.4 billion and other current assets of Php473.7 million which were partially offset by the decreases in cash and cash equivalents of Php604.6 million and non-current assets held for sale of Php1.2 billion. Non-current assets increased by Php1.5 billion from Php5.4 billion in 2021 to Php6.9 billion in 2022 primarily due to increase in property and equipment of Php566.2 million and recognition of receivable from sale of investment in associate – net of current portion of Php1.0 billion.

Total liabilities in 2022 closed at Php21.5 billion, an increase of Php8.8 billion from the balance of Php12.7 billion in 2021. Current liabilities amounting to Php19.7 billion increased by Php8.8 billion from the balance of Php10.8 billion in 2021. The increase in current liabilities is primarily due to the increases in trade and other payables of Php3.6 billion, current portion of loans payable of Php4.1 billion and trust receipts payable of Php1.2 billion. Non-current liabilities for the year 2022 closed at Php1.8 billion.

Total equity recorded in 2022 was Php7.3 billion, an increase of Php619 million from the balance of Php6.7 billion in 2021. This was primarily due to the increases in retained earnings of Php94.6 million, other equity reserves of Php29.8 million and equity attributable to non-controlling interest of Php494.6 million.

For 2022, revenue generated amounted to Php74.6 billion with cost of sales at Php73.1 billion resulting in a gross profit of Php1.6 billion. For the year 2022, the company recognized gain on disposal of investment in associate of Php156 million, interest income of Php49 million, share in net income of associates and joint venture of Php18.7 million and other income of Php130.9 million. Cost and expenses for the year amounted to around Php1.3 billion, were composed of general and administrative expenses of Php984.8 million, finance costs of Php244.7 million and unrealized loss from change in fair value of derivative asset of Php64.8 million.
For the year 2022, the Company recorded a consolidated net income of Php585.8 million, Php94.6 million of which is attributable to equity holders of the parent company. Including net comprehensive income of Php33.1 million, the total comprehensive income for the year amounted to Php619 million.

In 2022, the Company continued to explore opportunities for investments in various energy projects as well as explore possible partnership that could bring value to the company.

2021

For 2021, the Company's total assets stood at Php19.4 billion, an increase of Php18.9 billion from its previous year balance of Php482.9 million. Current assets with a 2021 balance of Php13.9 billion increased by Php13.8 billion from the balance of Php137.1 million in 2020. The increase in current assets is primarily attributable to the increases in cash and cash equivalents of Php1.7 billion, receivables of Php8.9 billion, and other assets of Php906.8 million as well as recognition in 2021 of inventories amounting to Php1.2 billion and non-current asset held-for-sale amounting to Php1.2 billion. Non-current assets increased by Php51 billion from Php345.7 million in 2020 to Php5.4 billion in 2021 primarily due to increases investments in associates and joint venture of Php131.8 million, investment properties of Php57.7 million, property and equipment of Php4.7 billion, and other non-current assets of Php212.6 million.

Total liabilities in 2021 closed at Php12.7 billion, an increase of Php122.6 billion from the balance of Php25.2 million in 2020. Current liabilities amounting to Php10.8 billion increased from the balance of Php19.6 million in 2020. Non-current liabilities amounting to Php1.8 billion increased from the balance of Php22.5 million in 2020. This was due to the increases in accounts payable and accrued expenses of 9.5 billion, income tax payable of Php5 million, lease liability of Php86.3 million, loans payable of Php2.2 billion, and net deferred tax liability of Php847 million.

Total equity recorded in 2021 was Php6.7 billion, an increase of Php6.2 billion from the balance of Php457.6 million in 2020. This was primarily due to the increases in capital stock of Php2.9 billion, additional paid-in capital of Php310.9 million, retained earnings of Php81.4 million, equity attributable to non-controlling interest of Php3 billion.

For 2021, revenue generated amounted to Php3.7 billion. Revenue for the year came from sales revenue of Php3.7 million and service revenue of Php25.2 million. Other income for the year 2021 amounted to Php276.6 million composed primarily of fair value adjustment on investment properties of Php24 million, interest income of Php7.1 million, foreign exchange gain of Php2.8 million, gain on bargain purchase of Php137.2 million, income from penalty on delayed payment of receivables of Php9.9 million, gain from insurance claim of Php1.9 million and unrealized gain from change in fair value of derivative asset and liability of Php2.5 million. Compared to 2020, revenue and other income in 2021 increased by Php3.9 million primarily because of the sales revenue and service revenues recognized during the year.

Cost and expenses for 2021 amounted to Php3.7 billion, Php3.6 billion of which is cost of sales and services, Php121.3 million is general and administrative expenses, Php11.7 million is share in net losses of associates, and Php25.9 million is interest expense. Compared to 2020, cost and expenses in 2021 increased by Php3.8 billion primarily because of the cost of sales and services recognized in 2021 of Php3.7 million.

For the year 2021, the Company recorded a consolidated net income of Php109.8 million, Php81.4 million of which is attributable to equity holders of the parent company and Php28.4 million to non-controlling interest. Including net comprehensive loss of Php2 million, the total comprehensive income for the year amounted to Php107.8 million.
In 2021, despite the continued global economic situation due to the COVID-19 pandemic, the Company continued to explore opportunities for investments in various energy projects as well as explore possible partnership that could bring value to the company.

The Company was awarded the Wind Energy Service Contract ("WESC") for the Mabini Wind Power Project located in Mabini, Batangas. The Mabini Wind Power Project is in the development stage and is currently conducting the Wind Resource Assessment ("WRA") in the service area as well as other preliminary technical, commercial and permitting works necessary to bring the project to commercial operations.

In September, 2021, MAP 2000 Development Corporation ("M2DC") acquired least 67% of the outstanding capital stock of the Company. M2DC's acquisition of 67% interest in the Company opened various investment opportunities for the Company in the oil and gas sector and further opportunities in the renewable energy sector.

In December 2021, the Company acquired 60% ownership interest in Filoil Energy Company Incorporated ("FEC"). The acquisition of 60% interest in FEC provides indirect interest in the joint venture companies of FEC with Total Marketing Services, the Philippine subsidiary of Total France. The joint venture companies of FEC with TMS are Filoil Logistics Corporation, Total Philippines, and La Defense Filipinas Holdings Incorporated.

The Company is also involved in the Green Energy E-Transport Program ("GEEP") which intends to revolutionize and modernize the existing Public Utility Transport through the use of environmentally friendly energy sources and vehicles. The Company's role in GEEP is primarily to install solar energy producing facilities and charging stations for electric vehicles for public transport.

B. **Interim period – 1st Quarter of 2024 (Unaudited as of March 31, 2024)**

For the period ending March 31, 2024, the company recorded total revenue of Php13.07 billion and cost of sales of Php12.65 billion resulting in a gross profit of Php420.58 million. Operating expenses of Php266.19 million, finance costs of Php197.97 million, share in net loss of associates and joint venture of Php8.9 million, other income of Php88.07 million and interest income of Php3.24 million, were recorded for the period ending March 31, 2024 resulting in consolidated income before tax of Php38.83 million. Consolidated net income after tax of Php11.58 million was recorded for the period ending March 31, 2024 after provision for income tax of Php27.26.

Total assets as of March 31, 2024 stood at around Php32.16 billion an increase of around Php2.37 billion from Php29.79 billion as of December 31, 2023. Current assets, composed mostly of cash and cash equivalents amounting to Php1.93 billion, trade and other receivables amounting to Php16.14 billion, inventories amounting to Php6.05 billion, and other current assets Php1.75 billion, increased by around Php2.37 billion. The increase in current assets is due to increases in cash and cash equivalents of Php89.22 million, trade and other receivables of Php1.37 billion, inventories of Php919.59 million. The increases in the aforementioned current assets were partially offset by the decrease in Other current assets of Php10.30 million. Non-current assets as of March 31, 2024 amounted to Php6.29 billion increased by around Php150,802 from its December 31, 2023 balance.

Total liabilities as of March 31, 2024 increased by around Php2.36 billion from Php22.27 billion as of December 31, 2023 to Php24.63 billion as of March 31, 2024. Current liabilities, composed of trade and other payables amounting to Php4.33 billion and current portion of loans payable amounting to Php19.22 billion increased by around Php2.81 billion primarily due to the increase in current portion of loans payable of around Php9.07 billion which was partially offset by the decreases in the trade and other payables of around Php6.26 billion. Noncurrent liabilities amounting to Php1.07 billion decreased by around Php455.42 million due to the decrease in loans payable – net of current portion of Php451.91 million and net deferred tax liability by Php3.89 million. The decrease in noncurrent liabilities was partially offset by the increase in net retirement benefit liability of Php372,996.

Total Stockholders' Equity as of March 31, 2024 stood at Php7.54 billion, with equity attributable to equity holders of the parent company at Php3.94 billion and equity attributable to non-controlling interest at Php3.60 billion, Total Stockholders' Equity as of March 31, 2024 of Php7.54 billion increased by around Php8.23 million from Php7.528 billion as of December 31, 2023.

The interim financial report is in compliance with generally accepted accounting principles. The same accounting policies and methods of computation were followed in the interim financial statements, as compared with the most recent audited financial statements, which are as of December 31, 2023.

C. **Key Performance Indicators**

The following table shows the top Key Performance Indicators for the past three (3) years and as of 1st Quarter of 202:

Key Performance Indicators				
	1Q 2024	**2023**	**2022**	**2021**
Return on Investment	0.29%	2.55%	2.09%	0.77%
Net Profit Margin	0.09%	0.16%	0.79%	2.91%
Current Ratio	1.10:1	1.11:1	1.16:1	1.29:1
Asset Turnover	42.19%	218.69%	309.54%	40.54%
Solvency Ratios				
Debt to Equity Ratio	3.27	2.96	2.93	1.89
Asset to Equity Ratio	4.27	3.96	3.93	2.89

ROI (Net Income/Average Stockholders' Equity) measures the profitability of stockholders' investment. Profit Margin (Net Income/Net Revenue) measures the net income produced by each peso of revenue. Investment in Projects as a % of Total Assets, measures how much the Company invested in its committed work programs. Current Ratio (Current Assets/Current Liabilities) measures the short-term debt paying ability of the Company. Asset Turnover (Net Revenue/Average Total Assets) measures how efficiently assets are used to produce profit.

ROI was 0.29% in the 1st quarter of 2024, 2.55% in 2023, 2.09% in 2022, and 0.77% in 2021.

Profit Margin was -0.09% in the 1st quarter of 2024, 0.16% in 2023, 0.79% as of 2022, and 2.91% as of 2021.

Current ratio was 1.10:1 in the 1st quarter of 2024, 1.11:1 in 2023, 1.16:1 in 2022, and 1.29:1 in 2021.

Asset Turnover was 42.19% in the 1st quarter of 2024, 218.69% in 2023, 309.54% in 2022, and 40.54% in 2021.

Debt to Equity Ratio was 3.27 in the 1st quarter of 2024, 2.96 in 2023, 2.93 in 2022, and 1.89 in 2021.

Asset to Equity Ratio was 4.27 in the 1st quarter of 2024, 3.96 in 2023, 3.93 in 2022, and 02.89 in 2021.

Key Variable and Other Qualitative and Quantitative Factors (Last Three Fiscal Years and Interim Periods up to March 31, 2024)

There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

There are no changes in the composition of the company during the interim period, including business conditions, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing of operations.

Since December 31, 2023, there are no other changes in contingent liabilities or assets and no new material contingencies, events or transactions that have occurred during the current interim period. There are no trends, demands, commitments, events or uncertainties, known to management that will have a material impact on the company's liquidity.

There are no material commitments for capital expenditures and no seasonal aspects that have a material effect on the financial conditions or results of operations.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

There are no events that will trigger direct or contingent financial obligations that are material to the company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations, (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

The causes for any material changes (5% of the relevant accounts or such lower amount, which the company deems material on the basis of other factors) from period to period which include vertical and horizontal analysis of any material item, have been presented in this report.

There were no sales of unregistered or exempt securities, nor were there any issuances of securities constituting an exempt transaction.

There are no seasonal aspects that have a material effect on the financial conditions or results of operations of the Company.

D. **Comparative Analysis**

First Quarter of 2024 (Interim Unaudited) vs Fiscal Year 2023 Results of Operations

For the quarter ended March 31, 2023, the Company recorded total revenue of Php13.07 billion, an decrease of around Php51 billion compared to the revenue recognized for the year ended December 31, 2023 of Php64.07 billion. Cost of sales of goods and services for the quarter ended March 31, 2024 was at Php12.65 billion, a decrease of Php49.84 billion from Php62.49 billion recognized at the year ended December 31, 2023. Gross profit decreased to Php420.58 million in the 1st quarter of 2024 from Php1.58 billion at the end of 2023.

G&A expenses for the quarter ended March 31, 2024 of Php266.19 million decreased Php993.96 million from Php1.26 billion at the end of 2023. Finance costs for the quarter ended March 31, 2024 decrease by Php462.75 million from Php660.73 million at the end of 2023 to Php197.97 million. Interest income for the quarter ended March 31, 2024 decreased to Php3.24 million from Php150.75

million at the end of 2023. Other income, net of other charges decreased by Php202.96 million from Php291.03 million at the end of 2023 to Php88.07 million at the end of the 1st quarter of 2024.

The Company recorded a consolidated net income of Php11.58 million for the quarter ended March 31, 2024, a decrease of around Php88.02 million compared to the consolidated net income recognized at year ended December 31, 2023 of Php99.6 million.

First Quarter, 2024 (Interim Unaudited) vs. First Quarter, 2023 Results of Operations

For the quarter ended March 31, 2024, the Company recorded total revenue of Php13.07 billion and cost of sales and services of Php12.65 billion for a gross profit margin of Php420.58 million. Compared to the same quarter of 2023 where the Company recorded revenue of Php17.45 billion, cost of sales and services of Php17.06 million, the Company's gross profit for the same quarter increased by Php35.85 million from Php384.73 million to Php420.58 million.

Other income and expenses for the quarter ended March 31, 2024 was at Php381.75 million compared to Php356.35 million in the first quarter ended March 31, 2023. The decrease was attributable to the decrease in general and administrative expenses of Php23.74 million, increase in finance costs of Php65.85 million, decrease in interest income of Php52.39 million, decrease in share in net income of associates of Php9.46 million, and increase in other income – net of other charges of Php78.55 million.

The Company recorded a net income on a consolidated basis of Php11.58 million for the quarter ended March 31, 2024 as compared to a net income of Php28.27 million for the quarter ended March 31, 2023.

2023 vs 2022 Results of Operations

For the year ended December 31, 2023, the Company recorded total revenue of Php64.07 billion, a decrease of Php10.56 billion compared to the revenue booked as of the year ended December 31, 2022 of Php74.64 billion. Cost of sales and services of around Php62.49 billion was recorded for the year ended 2023 compared to Php72.82 billion recorded in 2022. Gross profit of around Php1.58 billion was recognized for the year ended December 31, 2023 compared to Php1.82 million recognized in 2022. The decreases were primarily due to the decrease in the volume of sales for the year 2023 compared to the previous year.

Interest income recognized for 2023 of Php150.75 million increased by Php101.73 million from the previous year of Php49.02 million. Other income, net of other charges, increased by Php224.94 million from the previous year amount of Php66.09million to Php291.03 million in 2023.

General and administrative expenses recognized in 2023 was around Php1.26 billion, an increase of around Php45.91 million from 2022 balance of Php1.21 billion. Finance costs for 2023 increased to Php660.73 million from Php244.7 million recognized in 2022.

The Company recorded a consolidated net income of Php99.59 million and a total comprehensive income of Php84.41 million for the year ended 2023 as compared to a consolidated net income of Php585.83 million and comprehensive income of Php618.97 million recognized in 2022.

2022 vs 2021 Results of Operations

For the year ended December 31, 2022, the Company recorded total revenue of Php74.64 billion, an increase of Php70.89 billion compared to the revenue booked as of the year ended December

31, 2021 of Php3.75 billion. Cost of sales and services of around Php73.05 billion was recorded for the year ended 2022 compared to Php3.65 billion recorded in 2021. Gross profit of around Php1.59 billion was recognized for the year ended December 31, 2022 compared to Php90.7 million recognized in 2021. The increases were primarily due to the recognition of revenue and cost of sales and services for a full year cycle compared to a one-month period recognized in 2021.

Other income for the year 2022 amounted to Php354.66 million, an increase of around Php183.58 million from other income recognized in 2021 of Php171.09 million. The increase is primarily attributable to the gain in disposal of investment in associate recognized in 2022 of Php155.98 million, increases in interest income of around Php41.91 million, share in net income from associates and joint venture of around Php30.48 million and other income of around Php92.43 million. The increases in other income in 2022 were partially offset by the gain on bargain purchase recognized in 2021.

Expenses for the year 2022 amounted to Php1.29 billion, an increase of around 1.15 billion from Php144.74 million recognized in 2021. The increase is primarily attributable to the increases in general and administrative expenses of around Php863.44 million, finance costs of around Php218.84 million, and unrealized loss from change in fair value of derivative instrument of around Php62.28 million.

The Company recorded a consolidated net income of Php585.83 million and a total comprehensive income of Php618.97 million for the year ended 2022 as compared to a net income of Php109.79 million and comprehensive income of Php101.03 million recognized in 2021.

E. Changes in and disagreements with accountants on accounting and financial disclosures

There has been no event in the past three (3) years where the External Auditors and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

There were no disagreements with the Company’s external auditors on any accounting and financial disclosures in the 2023 Audited Financial Statements of the Company.

The accounting policies adopted are consistent with those of the previous financial year.

PART IV MANAGEMENT AND CERTAIN SECURITY HOLDERS

(A) Directors and Officers

(1) The following are the directors of the Corporation as of June 30, 2023:

Name	Length/Period of Service
Manuel Z. Gonzalez	May 12, 2021 up to the present
Oscar L. de Venecia, Jr.	1999-2006; March 30, 2007 up to the present
Luisito V. Poblete	January 2, 2023 up to the present
Beatrice Jane L. Ang	October 23, 2020 to the present
Ramon L. Mapa	1976 up to the present
Jaime J. Martirez	October 10, 2007 up to the present
Maria Rosette Geraldine L. Oquias	May 12, 2021 up to the present
Kim S. Jacinto-Henares	May 12, 2021 up to the present
Andres B. Reyes, Jr.	November 26, 2020 up to the present
Gil A. Buenaventura	January 5, 2024 up to the present
Oscar S. Reyes	June 27, 2024 up to the present

The following are the officers of the Corporation as of June 30, 2022:

Oscar L. de Venecia, Jr.	Chief Executive Officer
Luisito V. Poblete	President & Chief Operating Officer
Alain S. Pangan	Vice President for Finance & Treasurer
Darius A. Marasigan	Business Development and Risk
Gwyneth S. Ong	Corporate Secretary
Janice L. Co	Assistant Corporate Secretary
Dominique P. Pascua	Compliance Officer
Julianne B. Beltran	Legal Counsel

Background Information on Directors and Officers

Directors

Manuel Z. Gonzalez, 59 years old, Filipino, is the Vice Chairman of the Board of Basic Energy Corporation. He was elected as director of the Corporation on May 12, 2021 and holds that position up to the present. He is a Senior Partner in the Martinez Vergara Gonzalez & Serrano Law Office since 2006 up to the present. Prior to co-founding MVGS Law, Atty. Gonzalez was a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006. Atty. Gonzalez has been involved in corporate practice for over 20 years and has extensive experience and has been recognized by "The Legal 500" for his practice in the areas of capital markets, energy, mergers & acquisitions and banking and finance. Atty. Gonzalez currently serves as Director and Corporate Secretary to many corporations including to companies in the Century Pacific Group since 1995, Nomura Holdings Philippines since 2006 and ADP (Philippines), Inc. since 2010.

He has attended continuing legal education programs required for the practice of law and a seminar on corporate governance in 2021. Atty. Gonzalez graduated cum laude with a Bachelor of Arts degree in Political Science and Economics from New York University and received a Bachelor of Laws from the University of the Philippines, College of Law.

Oscar L. De Venecia Jr., 56 years old, Filipino, is the second Vice Chairman and Chief Executive Officer of the Corporation. He was appointed as President & CEO of the Corporation in August, 2011. He has served the Corporation for twenty-two (22) years, holding various executive positions, namely, as SVP and COO from June,1997 up to June, 2001 and was the President and CEO from December, 2002 up to November, 2005. He is the President of Basic Biofuels Corporation and Basic Diversified Industrial Holdings, Inc., the Chairman and President of iBasic, Inc., director of Basic Consolidated International, Inc. and President of Southwest Resources, Inc.

He was the President of Forum Energy Philippines, Inc. from November 2005 to April 2007, Chairman and CEO of Blue Bamboo Solutions, Inc. from September, 2002 to December, 2005, a Consultant for Strategic Alliance Development Corporation from March, 2002 and moved as Business Development Manager of Stradcom Corporation from May to November, 2002. He was the President of the Rotary Club of Makati East for the Rotary Year 2010-2011, and is a member of the Management Association of the Philippines. He served as Honorary Vice Consul of the Consulate of Ukraine in the Philippines covering the Clark-Subic Economic Zone from February 2011 until October 2021.

He has attended corporate governance seminars arranged in-house and conducted by SGV & Co. from 2016 to 2019, and thereafter, in the corporate governance seminars conducted by the Institute of Corporate Directors up to 2021. He obtained his degree in Bachelor of Arts in Economics from Fordham University, New York City, in 1996.

Luisito V. Poblete, 65 years old, Filipino, is the President and Chief Operating Officer of the Company since January 2, 2023. He joined the Company as Chief Operating Officer in May 2, 2021. He started doing general management consultancy work from 2018. From 2016 to 2017, he was the President & Managing Director for Total (Philippines) Corporation and previous to that stint, he was the Vice President for Operations and HSEQ from 2013 to 2016 and the Vice President for Operations from 2002-2007. He was also assigned as Health, Safety and Environmental Manager from 2007 to 2009 and as Vice President for HSEQ and Technical from 2009 to 2013 at Total Oil Asia Pacific (Singapore Regional Office).

Prior to his work at Total (Philippines) Corporation, he worked with Pilipinas Shell Petroleum Corporation from 1980 to 1997, handling various operations and engineering positions at the Pandacan installation of the said company.

He attended the corporate governance seminar conducted by the Institute of Corporate Directors for new directors and officers of listed companies in December, 2021. He earned the degree of Bachelor of Science in Mechanical Engineering from the Mapua Institute of Technology and placed Eighth in the PRC Board of Examination for Mechanical Engineers in 1982.

Beatrice Jane L. Ang, 43 years old, Filipino, is a director of Basic Energy Corporation since October, 2020 up to the present. She is presently a Director and the Corporate Secretary of Quindecim Holdings, Inc., a venture providing for healthcare and related services, a position she held since 2017, and the Managing Director and Treasurer of BA Securities, Inc., from 2003 up to the present. She is also the Managing Director of CLMC Group of Companies, which is into manufacturing, import and export of telecommunication facilities, software development, information technology and real estate, among others, from 2003 up to the present. Her international diplomatic experience consists of her being presently the Honorary Consul Designate of the Honorary Consulate of Ukraine and the Special Assistant to the Consul of the Honorary Consulate of Tanzania. She was the Special Assistant to the Consul General of the Honorary Consulate of Peru from 2007 to 2010.

Her socio-civic work experience includes being the Administrator of the Buddhist Tzu Chi Medical Foundation Philippines, Inc. since 2019 to the present and the Commissioner of the Tzu Chi Buddhist Compassion Relief Foundation from 1995 to the present. She is an active volunteer in Sagip Bayan Foundation, Inc. since 2006 to the present and has more than 20 years of social leadership experience in various institutions such as the Red Cross, UNICEF, Habitat for Humanity and other NGOs.

She has attended the seminar on corporate governance conducted by the Center for Global Best Practices last March 19, 2021, and the corporate governance seminar conducted by the Institute of Corporate Directors for directors of listed companies in December, 2021. She obtained her Bachelor of Science in Biology degree from the University of the Philippines in 2004, a Doctor of Medicine degree in 2011 from St. Luke College of Medicine and a Master of Business Administration in General Management in 2014 from the Northwestern University and Hongkong University of Science & Technology.

Kim S. Jacinto-Henares, 63 years old, Filipino, is an Independent Director of Basic Energy Corporation from May 12, 2021 to the present. She is currently a Director of Reg Tek, Inc. and serves as Senior International Advisor/Consultant to various groups and projects, like Albright Stonebridge Group. She is a Board Member of the Tribute Foundation for International Tax Dispute Resolution (The Hague, Netherlands) and a Commissioner of the Independent Commission for Reform of International Corporate Taxation. She served as a Member of the United Nations Economic & Social Commission for Asia and Pacific (Eminent Expert Group on Tax Policy and Public Expenditure Management, Bangkok, Thailand) and UN Committee on Experts on International Cooperation in Tax Matters (Geneva, Switzerland). She was appointed Commissioner of the Bureau of Internal Revenue and held office from 2010 to 2016, after being a Deputy Commissioner for the Special Concerns Group of the Bureau from 2003 to 2005. Prior to BIR, she served as Governor of the Board of Investment. She was Vice Chairperson of the Ad Hoc Group for Action 15 (Multilateral Instrument to Implement Tax Treaty Related Measures to Tackle Base Erosion Action Plan (BEPS) (Paris, France). She used to be connected also with ING Bank N.V. Manila Branch as its Vice President and as Deputy to the Vice Chairman of Security Banking Corporation. She was employed by Romulo, Mabanta, Buenaventura, Sayoc & Delos Angeles Law Office as Senior Associate and by Sycip, Gorres, Velayo & Co. as Tax Lawyer. Early in her career, she was General Manager of St. J. Square Marketing Corporation. She was also an Accounting Lecturer in De La Salle University, Manila.

She attended the corporate governance seminar conducted by the Institute of Corporate Directors for new directors of listed companies in December, 2021. She obtained her degree in Bachelor of Science in Commerce major in Accounting at De La Salle University Manila, and her Bachelor of Laws at the Ateneo de Manila University, consistently with flying colors. She further studied and obtained her degree in Master of Laws, major in International and Comparative Law at the Georgetown University (Washington DC, USA). She also attended the University of New Brunswick (Fredericton, New Brunswick, Canada), McGill University, Faculty of Law (Montreal, Quebec, Canada) and University of Toronto. Faculty of Law (Toronto, Ontario, Canada) as Fulfillment of the Requirement of the Joint Accreditation Committee. Finally, she obtained her Postgraduate Diploma in International Dispute Resolution at the Queen Mary University of London.

Having served the government as an accountant and lawyer, she was a recipient of the Lingkod Bayan Award by the Civil Service Commission and Order of Lakandula (Bayani).

Ramon L. Mapa, 80 years old, Filipino, is a director of Basic Energy Corporation for the last forty-six (46) years, from 1976 to the present. He was Vice Chairman of the Board of Directors from 2007 to 2020, and is a director of the various subsidiaries of Corporation. He is the Vice Chairman and Treasurer of Sicogon Development Corporation, Treasurer of Optimum Asia Realty & Development Corporation, Director of Sta. Elena Properties, Inc., since 2002, and Director and Treasurer of Maple Agricultural Corporation, and Maple Realty Corporation since 2002.

He attended the seminars on corporate governance conducted by SGV & Co. from 2016-2019 and the seminar on corporate governance conducted by the Institute of Corporate Directors for directors of listed companies in December, 2021. He obtained his degree in Bachelor of Arts, major in Economics from the Ateneo University in 1965 and earned MBA credits also at the Ateneo University in 1966.

Jaime J. Martirez, 70 years old, Filipino, is a director of Basic Energy Corporation and its subsidiaries since October, 2007. He is the President & CEO of Unicapital Finance and Investments, Inc., Managing Director and Treasurer of Unicapital, Inc., Treasurer and Director of Unicapital Securities, Inc., Chairman, and President & CEO of Unoventure, Inc., a PEZA registered enterprise facilities provider. He is the Chairman of the Executive Committee of the Unicapital Group of Companies. He is a director in Majalco, Inc., a diversified holding corporation, in Malayan Savings Bank and in MJ Holdings, Inc., a real estate company engaged in commercial property development in the Makati Central Business District. He is a past director of the Philippine Finance Association, a member of the Makati Business Club and the European Chamber of Commerce (ECCP). He has acquired and developed professional expertise in the field of Investment Banking for the last 41 years, since 1976.

He attended seminars on corporate governance conducted by SGV & Co. from 2016-2019, the corporate governance seminar conducted in-house by Malayan Bank in 2021 and the corporate governance seminar conducted by the Institute of Corporate Directors for listed companies in December, 2021. He also attended seminars on the Anti-Money Laundering Law in 2017 and on the Anti-Money Laundering Counter-Terrorist Financing in 2021. He obtained his degree in Bachelor of Science in Management from De La Salle University in 1975 and completed the academic units for a Masters degree in Business Administration from the Ateneo Graduate School of Business in 1979.

Ma. Rosette Geraldine L. Oquias, 57 years old, Filipino and is a director of Basic Energy Corporation since May 12, 2021. She is presently the Vice President for Corporate Affairs and Chief Finance Officer of the FilOil Logistics Corporation, a position she held since 2016. Previous to this assignment, she was Financial Consultant to FilOil Energy Company, Inc. from 2015-2016.

She previously worked with the Equis Funds Group as Business Partner to the CEO and Divisional Presidents and as Financial and Operations Manager/ Team Manager, from 2014 to 2015. She worked with MDI Systems for almost 11 years, handling Integration/Microwarehouse/Wolfpac and Microserve, and was Chief Financial Officer for Biogstar Philippines. She was also the Chief Finance Officer for 2 years in Pillsbury Philippines, Inc., and the AVP-Comptroller for Empire East Properties, Inc. for 2 years. Her prior work experiences include her work as Financial Controller at Pepsi-Cola Products Phils., Inc., as Manager for Budget Financial Planning at Fil Pacific Apparel Corporation and as Auditor at the audit firm, Carlos Valdes & Co.

She attended the corporate governance seminar conducted by the Institute of Corporate Directors for new directors of listed companies in December, 2021.She graduated with a BSBA degree from the Miriam College Foundation and studied at the Graduate School of Business and Economics of De La Salle University. She is currently a candidate for certification as Chartered Financial Analyst.

Andres B. Reyes, Jr., 74 years old, Filipino, is an Independent Director of Basic Energy Corporation from November 26, 2020 up to the present. He is a retired Associate Justice of the Supreme Court of the Philippines where he served as Associate Justice from July 2017 to May 2020. Prior to his appointment as Associate Justice of the Supreme Court, he served as Associate Justice of the Court of Appeals from May 1999 to February 2010, after which he was appointed as Presiding Justice of the Court of Appeals from February, 2010 until his appointment as Associate Justice of the Supreme Court. He was a Judge of the Metropolitan Trial Court -Makati and thereafter, a Judge of the Regional Trial Court- San Mateo, Rizal, before his appointment as Associate Justice of the Court of Appeals.

He is a member of the Integrated Bar of the Philippines, the Philippine Bar Association, and the Philippine Judges Association, was a Director/President of the Rizal Judges Association and is a member of the Asean Law Association. For his civic and social work, he is the Chairman of the LSGH Lawyers League Association.

He attended the corporate governance conducted by the Center for Global Best Practices in March, 2021 and the corporate governance seminar conducted by the Institute of Corporate Directors for new directors of listed companies in December, 2021. He obtained his Bachelor of Laws degree from the Ateneo Law School in 1978. He was admitted to the Bar in 1979. He took special courses like the Top Management Program at the Asian Institute of Management in 1986, Program Instruction for Lawyers at the Ateneo Law School in 2005, and Harvard Negotiation Intensive Workshop at the Harvard Law School in 2015. He obtained his Bachelor of Science major in Economics degree, from St. Mary's College in California, USA, in 1972, Master of Public Administration degree from the Philippine Women's University in 2002 and gained partial units in Master of Laws at the Manuel L. Quezon University in 2002.

Gil A. Buenaventura, 71 years old, Filipino, is an Independent Director of Basic Energy Corporation from January 5, 2024 up to the present. With over 40 years of professional experience in banking and general management, he has significantly contributed to the growth in revenues and profits at various banks through his expertise in strategy formation, business development, and relationship building. He served as President and CEO of Rizal Commercial Banking Corporation (RCBC) from July 2016 to June 2019, a period during which he stabilized the bank amidst stringent regulatory challenges, re-launched and re-branded RCBC, and ensured its continued profitability. Concurrently, he held several leadership positions, including Vice Chairman of RCBC's Executive Committee and Chairman of RCBC Savings Bank's Executive Committee, among others.

Before RCBC, he was President and CEO of the Development Bank of the Philippines (DBP) from October 2012 to June 2016, steering DBP to unprecedented growth and maintaining its top 10 position among universal banks. His prior experience includes significant roles at the Bank of the Philippine Islands (BPI), where he oversaw major revenue-generating business units and held numerous board positions. He also held senior management positions at Citytrust Banking Corporation and various roles at Citibank. He holds a Bachelor of Arts degree in Economics from the University of San Francisco and an MBA from the University of Wisconsin, Madison.

Oscar S. Reyes, 78 years old, Filipino. He was the President and Chief Executive Officer of the Manila Electric Corporation and Chairman/Director of various Manila Electric Company Subsidiaries and Affiliates until May 31, 2019.

Mr. Reyes' other current positions are: Member of the Advisory Board of Basic Energy Corporation, Chairman, Pepsi Cola Products Philippines, Inc. Director of PXP Energy Corp. and Independent Director of D.M. Wenceslao & Associates Inc., Sun Life Financial Plans, Inc., Sun Life Prosperity Funds, Pioneer Life Inc., Pioneer Insurance & Surety Corporation, Pioneer Intercontinental Insurance, Philippine Dealing System Holdings Corp., Philippine Dealing & Exchange Corporation, Philippine Depository & Trust Corporation, Philippine Securities Settlement Corporation, Team Energy Corporation, among other firms.

Prior to the above positions, he served the Shell Companies in the Philippines in various capacities, including Country Chairman and concurrently President of Pilipinas Shell Petroleum Corporation, and Managing Director of Shell Philippines Exploration B.V.

He completed his Bachelor of Arts degree in Economics at the Ateneo de Manila University in 1965 (Cum Laude) and did post-graduate studies at the Ateneo Graduate School of Business, Waterloo Lutheran University in Ontario, Canada and the Harvard Business School in Boston, Mass., USA.

Officers

Alain S. Pangan, 45 years old, Filipino, a Certified Public Accountant, was engaged as Vice President for Finance of the Corporation, effective January 2018 and holds that position to the present. Prior to joining the Company, he was the Investment and Treasury Manager of Enfinity Asia Pacific Holdings Limited – Manila ROHQ and Enfinity Philippines Technology Services, Inc., a renewable energy company with international activities in solar and wind energy, for more than three (3) years. He has more than seven (7) years of audit, compliance and advisory work with reputable Philippine audit/advisory firms.

He attended the seminars on corporate governance conducted by SGV & Co. in 2018 and 2019. He attended the corporate governance seminar conducted by the Institute of Corporate Directors for directors and officers of listed companies in December, 2021. He obtained his Bachelor of Science degree in Accountancy from the Far Eastern University.

Darius Efren A. Marasigan, 51 years old, Filipino, is the Business Development Officer of the Corporation. He rendered consultancy services on renewable energy projects for Restored Energy Development Corporation of the Armadillo Group of Companies from August 2012 to April 2014, and for PNOC Renewables Corporation from November 2010 to August 2013. He was Senior Planning Officer at the PPP Center of the Philippines of NEDA from July 2007 to October 2010. Prior thereto, he was employed as Officer-in-Charge, Contracts & Claims Unit of the Meralco Industrial Engineering Services Corporation.

He graduated from the Mapua Institute of Technology with a Bachelor of Science degree in Electrical Engineering, in 1994.

Gwyneth Ong, 47 years old, Filipino, is a partner at Martinez Vergara & Gonzalez Sociedad from 2015 up to the present, with extensive experience in a broad range of securities and capital market transactions. She graduated with a Bachelor of Science degree in Management major in Legal Management from the Ateneo de Manila University and a Bachelor of Laws degree from the University of the Philippines. She is also the Assistant Corporate Secretary of Century Pacific Food Inc.. She has attended continuing legal education programs for the practice of law and she regularly attends the required corporate governance seminars. directors and officers of listed companies in the Philippines.

Janice L. Co, 40 years old, Filipino, is a partner at Martinez Vergara & Gonzalez Sociedad from 2021 up to the present. She earned her Bachelor's degree in Political Science from the Ateneo de Manila University and a Juris Doctor degree from the Ateneo de Manila University School of Law. She is also the Corporate Secretary of Steniel Manufacturing Corporation. She has attended continuing legal education programs for the practice of law and she regularly attends the required corporate governance seminars. directors and officers of listed companies in the Philippines.

Dominique P. Pascua, 38 years old, Filipino, is the Compliance Officer of the Corporation starting July 29, 2021. He is a Junior Partner at the Calleja Peralta Jimenez San Luis Uy & Ulibas Law Firm (Calleja Law Firm); prior to his appointment as the Company's Compliance Officer, he served as the Legal Manager for Filoil Logistics Corporation from 2016 to 2020. He has also been serving the Filoil group of companies for more than seven years as its Assistant Legal Counsel.

He has attended continuing legal education programs for the practice of law and he attended the corporate governance seminar conducted by the Institute of Corporate Directors for directors and officers of listed companies in December, 2021. He also attended the certification course for Compliance Officers conducted by the Center for Global Best Practices from March to April, 2022. He obtained his degree in Bachelor of Arts, major in Consular and Diplomatic Affairs, from the De La Salle College of Saint Benilde in 2004 and his degree in Bachelor of Laws from Far Eastern University in 2010.

Julianne Khristina B. Beltran, a 29-year-old Filipino, has been serving as the Legal Counsel of the Company since October 19, 2023. She also holds the position of Corporate Secretary in the Company's subsidiaries. Prior to joining the Company, she held the role of Attorney IV at the Philippine

Ports Authority, a government-owned and controlled corporation under the Department of Transportation. Additionally, she served as a Case Decongestion Officer in the Zero Backlog Task Force at the Department of Environmental and Natural Resources.

In December 2023, she attended a corporate governance seminar conducted by the Institute of Corporate Directors, tailored for directors and officers of listed companies.

She earned her Bachelor of Arts in Development Studies from De La Salle University in 2015 and her Juris Doctor degree from the DLSU Tañada-Diokno School of Law in 2021.

(2) SIGNIFICANT EMPLOYEES

The key officers of the Corporation who are expected to make a significant contribution to the business of the Corporation consist of the above-named directors holding executive positions and corporate officers. Other than the foregoing, there are no other employee whose functions are expected to make a significant contribution to the business.

(3) FAMILY RELATIONSHIPS

There are no family relationships within the fourth civil degree known to the Corporation among the directors, nominees and executive officers of the Corporation.

(4) INVOLVEMENT IN ANY LEGAL PROCEEDINGS

The Corporation is not aware of any bankruptcy proceedings filed against any of its directors or executive officers, nor of any criminal conviction or final judgment barring or limiting any business involvement or any order or judgment subjecting said directors or executive officers, or a violation of a securities or commodities law or regulation filed against any of its directors or executive officers, during the past five (5) years ending June 30, 2024.

(B) Executive Compensation

Compensation of Directors and Executive Officers

1) Per Diems of Directors

The Directors of the Corporation do not receive compensation from the Corporation, except for per diems for attendance at Board and Committee Meetings fixed at Php 22,200.00 and Php 11,100.00 per attendance, respectively, for 2023, Php 20,900.00 and Php10,450.00, respectively, for 2022 and Php 20,000.00 and Php 10,000.00, respectively, for 2021.

The following table shows the amount in of per diems in Php, received by the incumbent directors for the first half of 2024, and for the full years of 2023 and 2022. In January 2024 and June 2024, new directors were elected, namely: Director Gil A. Buenaventura and Director Oscar S. Reyes, replacing the directors who have vacated their position.

NAME OF DIRECTORS	BOARD MEETINGS	COMMITTEE MEETINGS	TOTAL PER DIEM RECEIVED
JANUARY TO MAY 2024			
RAMON F. VILLAVICENCIO			-
MANUEL ANTONIO Z. GONZALEZ	22,200.00	11,100.00	33,300.00

OSCAR L. DE VENECIA JR.	22,200.00	11,100.00	33,300.00
BEATRICE JANE L. ANG	22,200.00		22,200.00
KIM S. JACINTO-HENARES	22,200.00	22,200.00	44,400.00
RAMON L. MAPA	22,200.00		22,200.00
JAIME J. MARTIREZ	22,200.00	22,200.00	44,400.00
MARIA ROSETTE GERALDINE L. OQUIAS	22,200.00	11,100.00	33,300.00
ANDRES B. REYES JR	22,200.00		22,200.00
OSCAR S. REYES			-
REYNALDO T. CASAS,	22,200.00		22,200.00
LUISITO V. POBLETE	22,200.00		22,200.00
JOSE P. DE VENECIA, III			-
GIL AZANZA BUENAVENTURA	22,200.00	22,200.00	44,400.00
TOTAL PER DIEM OF THE ABOVE DIRECTORS FOR THE PERIOD	**244,200.00**	**99,900.00**	**344,100.00**
2023			
RAMON F. VILLAVICENCIO	88,800.00		88,800.00
MANUEL ANTONIO Z. GONZALEZ	111,000.00		111,000.00
OSCAR L. DE VENECIA JR.	111,000.00		111,000.00
BEATRICE JANE L. ANG	88,800.00		88,800.00
REYNALDO D. GAMBOA	44,400.00		44,400.00
KIM S. JACINTO-HENARES	111,000.00	11,100.00	122,100.00
RAMON L. MAPA	133,200.00		133,200.00
JAIME J. MARTIREZ	111,000.00		111,000.00
MARIA ROSETTE GERALDINE L. OQUIAS	111,000.00	11,100.00	122,100.00
ANDRES B. REYES JR	88,800.00	11,100.00	99,900.00
OSCAR S. REYES	88,800.00		88,800.00
REYNALDO T. CASAS,	88,800.00		88,800.00
LUISITO V. POBLETE	66,600.00		66,600.00
JOSE P. DE VENECIA, III	88,800.00		88,800.00
JOSE C. DE VENECIA JR.	22,200.00		22,200.00
TOTAL PER DIEM OF THE ABOVE DIRECTORS FOR THE PERIOD	**1,354,200.00**	**33,300.00**	**1,387,500.00**
2022			
RAMON F. VILLAVICENCIO	271,700.00		271,700.00
MANUEL ANTONIO Z. GONZALEZ	292,600.00		292,600.00
OSCAR L. DE VENECIA JR.	313,500.00		313,500.00
BEATRICE JANE L. ANG	292,600.00	10,450.00	303,050.00
REYNALDO D. GAMBOA	313,500.00	10,450.00	323,950.00
KIM S. JACINTO-HENARES	292,600.00	10,450.00	303,050.00
RAMON L. MAPA	313,500.00		313,500.00
JAIME J. MARTIREZ	313,500.00	10,450.00	323,950.00
MARIA ROSETTE GERALDINE L. OQUIAS	313,500.00	10,450.00	323,950.00
ANDRES B. REYES JR	303,050.00	10,450.00	313,500.00
OSCAR S. REYES	393,500.00		393,500.00
REYNALDO T. CASAS,	41,800.00		41,800.00
JOSE P. DE VENECIA, III	292,600.00		292,600.00
JOSE C. DE VENECIA JR.	250,800.00		250,800.00
SUPASIT POKINJARURAS	209,000.00		209,000.00
TOTAL PER DIEM OF THE ABOVE DIRECTORS FOR THE PERIOD	**4,207,750.00**	**62,700.00**	**4,270,450.00**

2) Compensation of Officers

NAME/POSITION	FISCAL YEAR	SALARIES	BONUSES	OTHER COMPENSATION
Oscar L. de Venecia, Jr. CEO **Luisito V. Poblete** President and COO. **Alain S. Pangan** Vice President-Finance				
Total	**2024** **2023** **2022**	Php 12,210,000 (estimated) Php 11, 497,187 Php 11, 851, 651	Php 2,035,000 (estimated) Php 1,896, 593 Php 1,975,550	Php 190,400 (estimated) Php 108, 200 Php 458,860
All Other Officers as a Group Unnamed	**2024** **2023** **2022**	Php 3,794,880 (estimated) Php 2,648, 548 Php 677, 927	Php 632, 480 (estimated) Php 488, 185 Php 106, 488	Php 26, 400 (estimated) Php19, 800 Php 34, 000

Except for the stock option plan discussed below and the existing retirement plan for officers and employees of the Corporation, there is no other existing compensatory plan or arrangement covering bonuses, profit-sharing, warrants, options and other rights for directors and officers of the Corporation, or which will arise from the resignation, retirement, expiration of term of employment, change in control or change in the officer's responsibilities.

A stock option plan was approved by the stockholders at the 2007 annual meeting of stockholders, whereby directors and members of the Advisory Board, officers and selected employees of the Corporation and its subsidiaries, and other persons as determined by the Board of Directors were granted the option to purchase shares of stock of the Corporation from its unissued capital stock at par value, and exercisable on the 3rd year from approval of the plan by the stockholders, subject to such allocation of shares as may be approved by the Board of Directors, not to exceed the total of 500,000,000 shares (SOP shares). On September 8, 2011, the SEC has issued its Certificate of Exemption of the SOP shares from registration requirements. The SOP shares were approved for listing by the Philippine Stock Exchange- 26,700,000 shares in December, 2012 and 473,300,000 shares in July, 2013. All the SOP shares have been paid and listed in the Philippine Stock Exchange, as of July 31, 2021.

As of June 30, 2022, the Company does not have plans to issue SOP shares for directors, officers or employees.

3) Security Ownership

(1) Security Ownership of Record and/or Beneficial Owners

The table below shows the persons or entities know to the Company to the record and/or beneficial owner of more than 5% of the outstanding and issued shares of the Company:

(1)Title of Class	(2)Name & Address of Record Owner &	(3) Name of Beneficial	(4)Citizen -ship of	(5) No. of Shares Held &	(6)Percentage

	Relationship with Issuer	Ownership and Relationship with Record Owner	Record Owner	Nature of Ownership (Record/ Beneficial)	
Common Shares	Map 2000 Development Corporation (M2DC)* Bldg. F, Phoenix Sun Business Park, E.Rodriguez Jr. Avenue, Brgy. Bagumbayan, Quezon City	Beneficial Owner: Rafaelito N. Villavicencio, Chairman of M2DC.	Filipino	9,827,990,853 (Record)	67.00%

(2) Security Ownership of Management

Security Ownership of Directors

Title of Class	Name of Beneficial Owner	Amount of Beneficial Ownership & Relationship w/ Beneficial Owner		Citizenship	Percentage
Common	Ramon L. Mapa	268,311 (direct) 12, 484, 249 (indirect)		Filipino	0.09%
Common	Oscar L. de Venecia, Jr.	200,000 (direct) 46,181,249 (indirect)		Filipino	0.32%
Common	Jaime J. Martirez	0 (direct) 467,500,000 (indirect)		Filipino	3.19%
Common	Luisito V. Poblete	10,000 (direct) 0 (indirect)		Filipino	0%
Common	Beatrice Jane L. Ang	1,000 (direct) 150,944,248 (indirect)		Filipino	1.03%
Common	Andres B. Reyes, Jr.	10,000 (direct) 0 (indirect)		Filipino	0%
Common	Manuel Z. Gonzalez	1 (direct) 0 (direct)		Filipino	0%
Common	Maria Rosette Geraldine L. Oquias	1 (direct) 0 (direct)		Filipino	0%
Common	Kim S. Jacinto-Henares	1 (direct) 0 (direct)		Filipino	0%
Common	Gil A. Buenaventura	10,000 (direct) 0 (indirect)		Filipino	0%
Common	Oscar S. Reyes	10.000 direct) 7,500,000(indirect)		Filipino	0.05%
	TOTAL	**Direct**	**Indirect**		**4.66%**
		509,314	682,209,827		
		682,719,141			

Security Ownership of Officers

Title of Class	Name of Beneficial Owner	Amount of Beneficial Ownership & Relationship w/ Beneficial Owner	Citizenship	Percentage

	Alain S. Pangan	0	Filipino	**0%**
	Darius A. Marasigan	0	Filipino	**0%**
	Gwyneth S. Ong	0	Filipino	**0%**
	Janice L. Co	0	Filipino	**0%**
	Dominique P. Pascua	0	Filipino	**0%**
	Julianne B. Beltran	0	Filipino	**0%**
	TOTAL	**0**		**0%**

Security Ownership of Directors and Officers as a Group

Title of class	Name of beneficial owner	Amount of beneficial ownership & relationship with beneficial owner	Citizenship	Percentage
Common	Directors as a group	509,314 (direct) 682,209,827 (indirect)	Filipino	4.66%
Common	Executive officers as a group	0 (direct) 0 (indirect)	Filipino	0.00%
TOTAL		**682,719,141**		**4.66%**

(3) Voting Trusts

None of the directors and officers owns 5% or more of the outstanding and issued shares of the Company. The Company is not aware of any person or entity holding 5% or more of the Company's outstanding and issued shares under a voting trust agreement or similar agreement. No person or entity hold more than 5% of the shares of the Company under a voting trust or similar agreement.

(4) Change in Control

Last December 18, 2020, the Corporation and Map 2000 Development Corporation (M2DC) executed a Memorandum of Agreement covering the subscription by M2DC to Nine Billion Eight Hundred Twenty Seven Million Nine Hundred Ninety Thousand Eight Hundred Fifty Three (9,827,990,853) primary shares of stock of BEC to be issued out of the increase in the authorized capital stock (ACS) of the Corporation from Php2.5 Billion to Php5.0 Billion, representing 67% of the issued and outstanding capital stock of the BEC post-increase. The subscription was subject to the fulfillment of certain conditions, including the approval by the Securities and Exchange Commission (SEC) of the application for said increase in ACS.

On September 10, 2021, the SEC approved the increase in the authorized capital stock of the Corporation to Php 5 Billion and the subscription of M2DC to 9,827,990,853 shares was recorded in the books of the Corporation. As of said date, the said subscribed shares of M2DC represent 67% of the total outstanding capital stock of the Corporation, more than majority control of the Corporation.

4) Certain Relationships and Related Transactions

1) Filoil Energy Company, Inc.

After considering the fair opinion and valuation report from a third-party evaluator and its compliance with the requirements of the Company's Material Related Party Transaction Policy, the Company invested in 2021 in 60% of the equity of Filoil Energy Company Inc.(FEC), an independent oil industry participant with existing joint venture with the Total group since mid-2016. The joint venture is known in the industry to be active in the downstream oil business of fuel retailing, importation, bulk supplies and depot operations and allied logistics services.

The Company executed the Subscription Agreement with FEC on December 7, 2021, wherein the Company agreed to subscribe to 5,812,277 shares of FEC at the subscription price of Php3,000,000,000.00. The shares subscribed by the Company are equivalent to 60% of the total outstanding and issued shares of FEC, which will enable the Company to indirectly participate in the downstream oil business of FEC. The Subscription Agreement provided for a Financial Closing not later than December 15, 2021 (or such date as may be mutually agreed to by the parties) at which closing, the Company shall remit to a designated bank account of FEC the subscription price, and thereafter commence negotiation for a shareholders agreement. After closing, FEC undertook: (1) to file the corresponding updates to its 2021 General Information Sheet (GIS) consisting of the new principal address, additional purpose and capital and equity structure, (2) to file the pertinent DST return and pay the DST due on the Company's subscribed shares and (3) to issue to the Company the stock certificate covering the Company's subscribed shares.

In this regard, the Financial Closing actually occurred on December 10, 2021, on which date the Company remitted to FEC's bank account the subscription price of Php3 Billion. FEC filed the required amended GIS, filed the DST returns and paid the DST due on the subscribed shares of the Company, and issued the covering stock certificates in the name of the Company on December 29, 2021.

M2DC is currently a majority corporate shareholder in the Company, having subscribed to 67% equity interest in the Company. The relationship of M2DC with FEC is via indirect affiliation, where M2DC is the majority corporate-shareholder in Filoil Gas and Energy Company (FGEC) at 55%, while was initially a majority corporate-shareholder in FEC at 99.74% prior to the Company's entry. After BSC's entry, FGEC is now a minority corporate-shareholder in FEC as its equity interest in FEC was reduced to 39.9%.

Other than the above transactions, there were no material transactions during the past two (2) years, nor was there any material transaction, contractual or other commitments, currently on-going or being proposed, to which the Company was or is to be a party with any stockholder, incumbent director and/or executive officer of the Company, owning ten percent (10%) or more of the outstanding and issued capital stock of the Company.

PART V CORPORATE GOVERNANCE

The Company aims to build a strong and dynamic sense of corporate governance among its directors and officers. where governance, disclosure and transparency and compliance are part of its priorities to ensure the continued sustainable growth of the Company. Towards this end, the Company has adopted its Corporate Governance Manual last May 31, 2017, guided by Memorandum Circular No. 19, series of 2016, issued by the Securities and Exchange Commission, embodying the Code of Corporate Governance for publicly listed companies.

The Company's Corporate Governance Manual (the Manual) has established an evaluation system to determine the level of compliance of the Board and Management with the Manual, which includes an annual Board Performance Assessment which is accomplished by the Board through self-assessment. Said assessment includes the performance of the Chairman, the individual directors and the Board Committees and is conducted and monitored by the Corporate Governance Committee. For the year 2023, the Board has conducted the performance assessment of the Board and its committees and the directors, with an over-all performance rating of "Mostly Satisfactory".

To further advance good governance, with the aim of ensuring integrity, transparency and proper governance in the conduct of all its affairs, the Board has appointed a Compliance Officer in July, 2021. The Board has established adequate internal control and risk management systems, as are relevant and applicable to the size of the Company and its operations.

There has been no deviation from the Manual and full compliance thereto has been enforced since the adoption of the Manual. As of the end of 2023, all directors and key officers have complied with the annual continuing training program on corporate governance requirement, to ensure that all directors and officers are continuously informed of the developments in the business and regulatory environment relevant to the Company.

The Company has scheduled a management strategic session in the next few months that will include in the discussions the recommendations of the directors and officers on policies and practices that could be adopted to strengthen corporate governance within the Company. The Company continues to take steps in further enhancing its adherence to the Manual and to internationally and locally accepted leading principles of good corporate governance.

REQUEST FOR 2023 ANNUAL REPORT ON SEC FORM 17-A

The Corporation will provide without charge each person solicited, on the written request of any such person, a copy of the Corporation's Annual Report for 2022 (SEC Form 17-A). Such written request should be directed to the:

Corporate Secretary
Basic Energy Corporation
GM Building, Florida St., Brgy. Wack-Wack,
Greenhills East, Mandaluyong City

At the discretion of Management, a charge may be made for exhibits, provided the charge is limited to reasonable expenses incurred by the Corporation in furnishing the exhibits.

August 7, 2024, Makati City.

LUISITO V. POBLETE
President

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ANDRES B. REYES, JR.**, Filipino, of legal age and a resident of **819 TORRES ST., SHAW BLVD. MANDALUYONG CITY**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **BASIC ENERGY CORPORATION** and have been its independent director since **NOVEMBER 26, 2020** (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Salmon Bank	Independent Director	February 2024 to Present
Cybercrime Investigation and Coordinating Center	Highly Technical Consultant	January 2022 to Present

1. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **BASIC ENERGY CORPORATION AND/OR ANY OF ITS SUBSIDIARIES/AFFLIATES**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

BSC WHOLLY OWNED SUBSIDIARY-COMPANY	POSITION/RELATIONSHIP
Mabini Energy Corporation	Director
Basic Renewables, Inc.	Director
Basic Biofuels Corporation	Director
Basic Diversified Industrial Holdings, Inc.	Director
iBasic, Inc.	Director

2. I am related to the following director/officer/substantial shareholder of <u>(covered company and its subsidiaries and affiliates)</u> other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NONE	NONE	NONE

3. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NONE	NONE	NONE

4. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the <u>(head of the agency/department)</u> to be an

independent director in ____________________, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of **BASIC ENERGY CORPORATION** of any changes in the abovementioned information within five days from its occurrence.

Done, this JUN 25 2024 day of ________, at MANDALUYONG CITY

ANDRES B. REYES, JR.
Affiant

SUBSCRIBED AND SWORN to before me this JUN 25 day of 2024 MANDALUYONG CITY, affiant personally appeared before me and exhibited to me his/her SC ID 19544 issued at Mandaluyong City on 05/27/16.

Doc. No. 107;
Page No. 23;
Book No. I;
Series of 2024;

JULIANNE KHRISTINA B. BELTRAN
NOTARY PUBLIC FOR MANDALUYONG CITY
Until December 23, 2025
APPOINTMENT NO. 0695-24; Roll No. 84822
PTR No. MLA1545455, January 8, 2024, Manila City
IBP No. 333592, 328283; 12-24-23; Quezon City
MCLE Compliance No. N.A.
Admitted to the Bar: May 2, 2023
240 GM Bldg. EDSA Brgy. Wack Wack
Mandaluyong City
Tel No. (+632) 88301800
Email: jbbeltran@basicenergy.ph

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GIL A. BUENAVENTURA**, Filipino, of legal age and a resident of **100 UNIVERSITY AVENUE, AYALA ALABANG VILLAGE, MUNTINLUPA CITY**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **BASIC ENERGY CORPORATION** and have been its independent director since **JANUARY 5,2024.**

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Rizal Commercial Banking Corporation	Director	July 1, 2019 to Present
House of Investments	Director	September 1, 2019 to Present
Malayan Insurance Corporation	Director	September 1, 2019 to Present
Manila Memorial Park	Director	September 1, 2019 to Present
De La Salle Lipa	Trustee	June 1, 2023 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **BASIC ENERGY CORPORATION**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NONE	NONE	NONE

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NONE	NONE	NONE

6. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the (head of the agency/department) to be an independent director in ____________________, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **BASIC ENERGY CORPORATION** of any changes in the abovementioned information within five days from its occurrence.

Done, this JUN 2 5 2024 day of ________, at MANDALUYONG CITY

GIL A. BUENAVENTURA
Affiant

SUBSCRIBED AND SWORN to before me this JUN 2 5 2024 day of ________ at MANDALUYONG CITY, affiant personally appeared before me and exhibited to me his/her PASSPORT P6334442B issued at DFA NCR SOUTH on FEB 20 2022.

Doc. No. 104;
Page No. 22;
Book No. I;
Series of 2023;

JULIANNE KHRISTINA B. BELTRAN
NOTARY PUBLIC FOR MANDALUYONG CITY
Until December 23, 2025
APPOINTMENT NO. 0695-24; Roll No. 84822
TR No. MLA1545455, January 8, 2024, Manila Cit
IBP No. 333592, 328283; 12-24-23; Quezon City
MCLE Compliance No. N.A.
Admitted to the Bar: May 2, 2023
240 GM Bldg. EDSA Brgy. Wack Wack
Mandaluyong City
Tel No. (+632) 88301800
Email: jbbeltran@basicenergy.ph

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **KIM S. JACINTO-HENARES**, Filipino, of legal age and a resident of **6 ROMBLON ST. MANILA MARINA BAYHOMES EAST, TAMBO, PARANAQUE CITY**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **BASIC ENERGY CORPORATION** and have been its independent director since **MAY 12, 2021** (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
REG TEK INC. (Pasay City)	Director	March 2020 to Present
DGA formerly Dentons Global Advisors - Albright Stonebridge Group (Washington D.C. USA)	Senior Advisor	July 2017 to Present
Tribute Foundation for International Tax despite Resolution (The Hague, Netherlands)	Board Member	November 2018 to Present
Independent Commission for Reform of International Corporate Taxation (Global NGO)	Commissioner	March 2018 to Present
ABS-CBN Lingkod Kapamilya Foundation, Inc.	Trustee	November 2019 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **BASIC ENERGY CORPORATION AND/OR ANY OF ITS SUBSIDIARIES/AFFLIATES**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

BSC WHOLLY OWNED SUBSIDIARY-COMPANY	POSITION/RELATIONSHIP
Mabini Energy Corporation	Director
Basic Renewables, Inc.	Director
Basic Diversified Industrial Holdings, Inc.	Director
Basic Biofuels Corporation	Director
iBasic, Inc.	Director
Basic Energy CSR Foundation, Inc.	Trustee

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NONE	NONE	NONE

KH

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NONE	NONE	NONE

6. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the (head of the agency/department) to be an independent director in ____________, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **BASIC ENERGY CORPORATION** of any changes in the abovementioned information within five days from its occurrence.

Done, this JUL 1 1 2024 day of ________, at MANDALUYONG CITY.

KIM S. JACINTO-HENARES
Affiant

SUBSCRIBED AND SWORN to before me this JUL 1 1 2024 day of ________ at MANDALUYONG CITY, affiant personally appeared before me and exhibited to me his/her PASSPORT P0996070B issued at DFA MANILA on 11 MAR 2019.

Doc. No. 122;
Page No. 26;
Book No. 5;
Series of 2024;

JULIANNE KHRISTINA B. BELTRAN
NOTARY PUBLIC FOR MANDALUYONG CITY
Until December 23, 2025
APPOINTMENT NO. 0695-24; Roll No. 84822
R No. MLA1545455, January 8, 2024, Manila City
BP No. 333592, 328283; 12-24-23; Quezon City
MCLE Compliance No. N.A.
Admitted to the Bar: May 2, 2023
240 GM Bldg. EDSA Brgy. Wack Wack
Mandaluyong City
Tel No. (+632) 88301800
Email: jbbeltran@basicenergy.ph

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **30 June 2024**

2. Commission identification number: **36359**

3. BIR Tax Identification No.: **000-438-702-000**

4. Exact name of issuer as specified in its charter: **BASIC ENERGY CORPORATION**

5. Province, country or other jurisdiction of incorporation or organization: **Philippines**

6. Industry Classification Code: [   ] (SEC Use Only)

7. Address of issuer's principal office: **GM Building, 240 EDSA, Barangay Wack Wack Greenhills East, Mandaluyong City**

   Postal code: **1556**

8. Issuer's telephone number, including area code: **+63 2 3224 4383**

9. Former name, former address and former fiscal year, if changed since last report: **N.A.**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	14,668,643,064
Listed with PSE	14,218,643,064

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [**X**] No [ ]

    If yes, state the name of such Stock Exchange and the classes of securities listed therein:

    Philippine Stock Exchange ("PSE") **Common Shares**

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

    Yes [**X**] No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days.

Yes [**X**] No [ ]

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

13. Check whether the registrant has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

    Yes [ ] No [**X**] This item is not applicable to the Company.

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

"Attachment A"

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

"Attachment A"

PART II--OTHER INFORMATION

"Attachment A"

The registrant may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant:	**Dominique P. Pascua**
Title:	Compliance Officer
Date:	
Principal Financial Officer:	**Alain S. Pangan**
Title:	VP – Finance
Date:	

ATTACHMENT "A"

FINANCIAL INFORMATION
For the period ended June 30, 2024

1. **The following Unaudited Financial Statements are contained in this report:**

   1.1 Unaudited Interim Consolidated Statement of Financial Position as at June 30, 2024 and Audited Consolidated Statement of Financial Position as at December 31, 2023
   1.2 Unaudited Interim Consolidated Statements of Comprehensive Income for the Six Months Ended June 30, 2024 and 2023
   1.3 Unaudited Interim Consolidated Statements of Changes in Equity for the Six Months Ended June 30, 2024 and 2023
   1.4 Unaudited Interim Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2024 and 2023

2. **Management's Discussion and Analysis of Financial Condition and Results of Operations for the period ending December 31, 2023 and June 30, 2024**

A. Key Performance Indicators

Management considers the following as key performance indicators of the company: Return on Investment (ROI), Profit Margin, Performance of Committed Work Programs, Current Ratio and Asset Turnover.

The following table shows the Top 5 performance indicators for the past three interim periods:

Key Performance Indicators	2nd Quarter 2024	2nd Quarter 2023	2nd Quarter 2022
Return on Investments (ROI) (Net income / Ave. Stockholders' Equity)	-1.72%	1.17%	4.47%
Profit Margin (Net income / Net Revenue)	-0.28%	0.26%	0.83%
Current Ratio (Current Assets / Current Liabilities)	1.13:1	1.12:1	1.16:1
Asset Turnover (Net Revenue / Ave. Total Assets)	82.37%	109.88%	154.90%
Solvency Ratios			
Debt to Equity Ratio	2.98	3.27	304
Asset to Equity Ratio	3.98	4.27	4.04
Interest Coverage Ratio	0.92	1.34	5.13

ROI (Net Income / Average Stockholders' Equity) measures the profitability of stockholders' investment. Profit Margin (Net Income / Net Revenue) measures the net income produced by each peso of revenue. Current Ratio (Current Assets / Current Liabilities) measures the short-term debt-paying ability of the company. Asset Turnover (Net Revenue / Average Total Assets) measures how efficiently assets are used to produce profit. Solvency Ratios measures the ability to meet the long term debts and obligations.

ROI was -1.72% for the 2nd quarter of 2024, 1.17% for the 2nd quarter of 2023 and 4.47% for the 2nd quarter of 2022. The negative rates for the periods of 2024 was due to the loss recognized during the covered period.

Net Profit Margin was -0.28% for the 2nd quarter of 2024, 0.26% for the 2nd quarter of 2023 and 0.83% for the 2nd quarter of 2022. The negative rate for 2024 was due to the loss recognized during the covered period.

Current Ratio 1.13:1 for the 2nd quarter of 2024, 1.12:1 for the 2nd quarter of 2023 and 1.16:1 for the 2nd quarter of 2022. The decreases in current ratios in 2024 and 2023 were due to the increases in current liabilities.

Asset Turnover was 82.37% in the 2nd quarter of 2024, 109.88% in the 2nd quarter of 2023 and 154.90% in the 2nd quarter of 2022. The decrease in asset turnover in 2023 and 2024 were due to the decrease in revenue recognized during the covered periods.

Debt to Equity Ratio was 2.98 in the 2nd quarter of 2024, 3.27 in the 2nd quarter of 2023, and 3.04 in the 2nd quarter of 2022. The decrease in debt-to-equity ratio in 2024 was due to the decrease in liability and the increase in debt-to-equity ratio in 2023 was primarily due to the increase in liability.

Asset to Equity Ratio was 3.98 in the 2nd quarter of 2024, 4.27 in the 2nd quarter of 2023, and 4.04 in the 2nd quarter of 2022. The increase in ratio for 2023 was due to the increase in assets and the decrease in ratio in 2024 was due to the decrease in assets.

Interest Rate Coverage Ratio for the 2nd quarter of 2024 was at 0.92, 1.24 for the 2nd quarter of 2023, and 5.13 in the 2nd quarter of 2022. The decrease in interest rate coverage ratio was due to the increase in finance cost.

B. Discussion and Analysis of Financial Condition as of June 30, 2024

For the period ending June 30, 2024, the company recorded total revenue of Php24.59 billion and cost of sales of Php23.88 billion resulting in a gross profit of Php714.7 million. Operating expenses of Php487.74 million, finance costs of Php445.63 million, share in net loss of associates and joint venture of Php8.3 million, other income of Php4.7 million and interest income of Php184.95 million, were recorded for the period ending June 30, 2024 resulting in consolidated loss before tax of Php67.99 million.

Total assets as of June 30, 2024 stood at around Php29.92 billion an increase of around Php123.35 million from Php29.79 billion as of December 31, 2023. Current assets, composed mostly of cash and cash equivalents amounting to Php1.17 billion, trade and other receivables amounting to Php16.75 billion, inventories amounting to Php4.21 billion, and other current assets Php1.79 billion, increased by around Php413.54 million. The increase in current assets is primarily due to the increase in trade and other receivables of Php1.97 billion which was partially offset by the decreases in cash and cash equivalents of Php669.12 million and inventories of Php919.88 million. Non-current assets as of June 30, 2024 amounted to Php6 billion decreased by around Php290.19 million from its December 31, 2023 balance.

Total liabilities as of June 30, 2024 increased by around Php136.64 million from Php22.27 billion as of December 31, 2023 to Php22.4 billion as of June 30, 2024. Current liabilities, composed of trade and other payables amounting to Php2.36 billion and current portion of loans payable amounting to Php18.8 billion decreased by around Php28.56 million. Noncurrent liabilities amounting to Php1.07 billion increased by around Php165.19 million due to the increase in loans payable – net of current portion of Php451.91 million. The increase in noncurrent liabilities was partially offset by the decrease in lease liability - net of current portion of Php252.19 million and net deferred tax liabilities of Php35.27 million.

Total Stockholders' Equity as of June 30, 2024 stood at Php7.51 billion, with equity attributable to equity holders of the parent company at Php3.9 billion and equity attributable to non-controlling interest at Php3.6 billion, Total Stockholders' Equity as of June 30, 2024 of Php7.51 billion decreased by around Php13.29 million from Php7.53 billion as of December 31, 2023.

The interim financial report is in compliance with generally accepted accounting principles. The same accounting policies and methods of computation were followed in the interim financial statements, as compared with the most recent audited financial statements, which are as of December 31, 2023.

The interim operations are not characterized by any seasonality or cyclicality. The nature and number of items affecting assets, liabilities, equity, net income and cash flows are explained in Attachment "A" on Financial Information for the period ending June 30, 2024.

There are no changes in estimates of amounts reported in prior interim periods of the current financial year or those reported in prior financial years.

There were no dividends paid (aggregate or per share) separately for ordinary shares and other shares.

Currently, the company has a single business and geographical segment and therefore, segment disclosures have not been included.

There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

There are no changes in the composition of the company during the interim period, including business conditions, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing of operations.

Since June 30, 2024, there are no other changes in contingent liabilities or assets and no new material contingencies, events or transactions that have occurred during the current interim period.

There are no trends, demands, commitments, events or uncertainties, known to management that will have a material impact on the company's liquidity.

There are no material commitments for capital expenditures and no seasonal aspects that have a material effect on the financial conditions or results of operations.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

There are no events that will trigger direct or contingent financial obligations that are material to the company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations, (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

The causes for any material changes (5% of the relevant accounts or such lower amount, which the company deems material on the basis of other factors) from period to period which include vertical and horizontal analysis of any material item, have been presented in this report.

There were no sales of unregistered or exempt securities, nor were there any issuances of securities constituting an exempt transaction.

Finally, there are no other material information for disclosure during the current interim period, whether under this report or under SEC Form 17-C.

C. Business Development/Project Updates

Wind Energy Project, Mabini, Batangas

The Company, through its wholly owned subsidiary, Mabini Energy Corporation ("MEC"), has been awarded a Wind Energy Service Contract by the DOE on March 17, 2021 to explore, develop, and operate a wind energy power plant for a period of twenty-five (25) years, extensible for another twenty-five (25) years. The project shall be implemented under R.A. 9513 (Renewable Energy Act of 2008).

The exploration area to be covered is 4,860 hectares situated in Mabini, Batangas.

Currently, the Company is conducting a Wind Resource Assessment ("WRA") campaign in its contracted area to fully assess the viability of wind resource in the area. The WRA campaign is expected to be completed by June 2024 using a meteorological mast and a LIDAR to support the engineering and design of the power plant.

The Company has signed a Joint Development and Shareholders Agreement ("JDSHA") with Renova Inc. on April 17, 2024 for the Joint Development of the Mabini Wind Power Project. Renova Inc. is a publicly-listed company in Japan engaged in the development of RE projects. This partnership will complement the Company's current technical and commercial capability in the effective and efficient development of the Mabini Wind Power Project.

Upon favorable results of the WRA campaign, a full feasibility study, preliminary engineering and design, and financial closure will be done in order to secure the Declaration of Commerciality of the prospective power plant from the DOE. Such approval by the DOE will lead to the construction, testing and commissioning of the plant. Commercial operation of the said plant is expected to be by year 2027.

Wind Energy Project – Panay Island (Iloilo and Antique)

The Company, through its wholly owned subsidiary, San Joaquin Wind Energy Corporation ("SJWEC"), has been awarded with another Wind Energy Service Contract by the DOE on June 14, 2023. The contracted area covers 13,932 hectares located in San Joaquin, Iloilo and Hamtic Antique. Result of preliminary study shows that a potential of 155 MW to 194 MW power capacity can be produced in the contracted area. The project shall be implemented under R.A. 9513 (Renewable Energy Act of 2008).

Currently, the Company is preparing for the WRA campaign to fully assess the viability of wind resources in the area.

Wind Energy Project – Calatagan, Batangas

The Company, through its wholly owned subsidiary, Starfish Wind Energy Corporation ("SWEC"), has been awarded with another Wind Energy Service Contract by the DOE on June 22, 2023. The contracted area, spanning 2,835 hectares in Calatagan, Batangas, is located in shallow waters with a bathymetric depth of less than 60 meters. Result of preliminary study shows that a potential of 140 MW to 175 MW power capacity can be produced in the exploration area. The project shall be implemented under R.A. 9513 (Renewable Energy Act of 2008).

Currently, the Company is preparing for the WRA campaign to fully assess the viability of wind resource in the area.

Wind Energy Project – Pasuquin, Ilocos Norte

The Company, through its wholly owned subsidiary, Pasuquin Wind Energy Corporation ("PWEC"), has been awarded with another Wind Energy Service Contract by the DOE on September 15, 2023. The contracted area, spanning 5,502 hectares in Pasuquin, Ilocos Norte, is located in shallow waters with a bathymetric depth of less than 60 meters. Result of preliminary study shows that a potential of 90 MW to 112 MW power capacity can be produced in the exploration area. The project shall be implemented under R.A. 9513 (Renewable Energy Act of 2008).

Currently, the Company is preparing for the WRA campaign to fully assess the viability of wind resource in the area.

The Company, through its subsidiary, Basic Renewable Inc., is exploring to utilize and develop its wholly owned 41-hectare lot property into a solar PV ground-mounted power project in Barangay Balingasay, Bolinao, Pangasinan. It is expected that a capacity of 45.18 MWp will be developed in the said area based on the preliminary feasibility study done by JGC Philippines, Inc., a consulting and engineering firm procured by the company to do such study.

Solar Energy Project – Bolinao, Pangasinan

The Solar Power Plant will be connected to the local electric cooperative, Pangasinan Electric Cooperative I (PANELCO I), through an embedded set-up.

The Company has signed a Memorandum of Understanding (MOU) with Pangasinan Electric Cooperative I (PANELCO I) to jointly study and evaluate the distribution impact and the distribution assets of PANELCO I to determine the viability of the proposed embedded set-up. Currently, the Company is preparing to conduct a Distribution Impact Study (DIS) and Distribution Asset Study (DAS) to assess the existing infrastructure of PANELCO I prior to project execution.

Solar Energy Project – San Rafael, Bulacan

The Company is also exploring to utilize and develop a portion of its wholly owned 12-hectare lot property into a solar PV ground-mounted power project in San Rafael, Bulacan. The target capacity of the solar power plant is 10 MWp and is planned to be integrated with a Battery Energy Storage System ("BESS"). The Solar Power Plant will be connected to the electric company, MERALCO, through an embedded set-up.

Currently, the Company is preparing to conduct a preliminary study for the solar power plant. Also, a Letter of Interest (LOI) has been prepared and submitted to MERALCO signifying its interest to interconnect the solar power plant to the existing infrastructure. The Company will be conducting a series of discussions and negotiations with MERALCO for the interconnection and power supply aspect of the power plant.

Geothermal Energy

The Company is likewise involved in the exploration, development, and production of geothermal energy. It has been awarded service contracts for various areas by the Department of Energy ("DOE"), which prescribes the periods and programs for these service contracts pursuant to R.A. 9513 (Renewable Energy Act of 2008) for the subsequent geothermal service contract.

The Iriga Geothermal Power Project in Camarines Sur is bounded to the north by Isarog geothermal block of PNOC-RC and to the east by the highly productive Tiwi geothermal service contract area of formerly Chevron, now AP Renewables Inc. The aerial landscape is dominated by Iriga or Asog Volcano, a stratovolcano immediately southwest of Lake Buhi in southern Luzon.

In 2016, Desco Inc. entered into a Farm-in Agreement with the Company acquiring eighty (80%) percent participating interest in and operatorship of the Iriga Geothermal Project. The farm-in agreement and transfer of operatorship on the project to Desco Inc. was approved by the DOE in a letter received by the Company on November 8, 2016. In 2019, Desco Inc. received DOE's approval for the extension of its work program, which involved securing the permitting requirements for the project, NCIP certification and well site preparations for the drilling of exploratory wells. The Company has a 20% interest in the project.

Green Energy E-Transport Program

The Green Energy E-transport Program was conceptualized to address the national thrust of promoting renewable energy and the modernization of public-utility vehicles. The program will pursue the installation of rooftop solar systems on retail stations in partnership with various oil companies. The solar energy generated by the solar system will be stored in powerwall batteries to be utilized by the retail station to complement the electricity supply drawn from the grid.

Apart from the solar system, electric charging stations will be installed in the service stations to power the batteries of the modern electric buses that will replace the old jeepneys. This is designed to jumpstart the availability of e-charging networks for e-buses and other electric vehicles in the near future. The entire program is in line and underpinned by the government's direction enshrined in R.A. 9513 (Renewable Energy law) and R.A. 11697 (Electric Vehicle Development Law). The rooftop solar systems coupled with electric vehicles for public utility will contribute to the reduction of carbon emission to address global warming.

Currently, the Company has implemented the program to three different retail stations namely: Ecooil Mandaluyong, Ecooil Cainta and Phoenix Vito Cruz. The Company continues to pursue partnerships with transport cooperatives and retail stations to replicate the program to different parts of the country.

E-Hub: A Renewable Energy and Public Transport Hub

The establishment of a renewable energy and public transport hub to be called the "E-Hub" is envisioned to modernize public transportation and generate electricity from renewable energy which aims to benefit the residents of the province/city. The E-Hub is comprised of two main components.

The first component is the construction of a transport terminal. This will serve as the nexus for provincial buses, e-Jeepneys/Buses, and tricycles that will facilitate the seamless movement of the commuting public. Additionally, the transport terminal will have EV charging stations and rentable merchandising spaces. An allied company will manufacture and supply class 2 and class 3 e-Jeepneys/Buses to different transport cooperatives.

The second component is the Solar Power Plant with Battery Energy Storage System. The Solar Power Plant will supply electricity to the local electric cooperative. Also, the generated electricity can power the EV chargers located at the terminal for recharging of e-Jeepneys/Buses.

Currently, the Company has presented the concept to various local government units. Data gathering and preliminary study will be conducted to tailor-fit the E-Hub to the requirements and needs of the provinces/cities.

Item 1. Financial Statements

The audited consolidated statement of financial position as at December 31, 2023, and the unaudited interim consolidated financial statements as at June 30, 2024 and for the six (6) months ended June 30, 2024 and 2023 and selected notes to the unaudited interim consolidated financial statements of Basic Energy Corporation (the Parent Company) and its subsidiaries (collectively referred to as the "Group") are filed as part of this Form 17Q.

BASIC ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

(With Comparative Audited Figures as at December 31, 2023)

	30-Jun-24	31-Dec-23
ASSETS		
Current Assets		
Cash and cash equivalents	**1,167,798,222**	1,836,923,389
Trade and other receivables	**16,745,620,526**	14,771,560,467
Inventories	**4,211,142,735**	5,131,020,877
Other current assets	**1,790,498,561**	1,762,011,755
Total Current Assets	**23,915,060,044**	23,501,516,488
Noncurrent Assets		
Property and equipment	**4,421,506,870**	4,699,489,821
Receivable from sale of investment in associate - net of current portion	**901,408,183**	901,408,183
Investments in associates and a joint venture	**189,927,169**	182,837,429
Investment properties	**350,276,759**	342,860,757
Other noncurrent assets	**139,829,203**	166,549,464
Total Noncurrent Assets	**6,002,948,184**	6,293,145,654
Total Assets	**29,918,008,228**	29,794,662,142
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	**2,362,581,790**	10,587,724,357
Current portions of loans payable	**18,801,919,892**	10,605,332,704
Income tax payable		
Total Current Liabilities	**21,164,501,682**	21,193,057,061
Noncurrent Liabilities		
Loans payable - net of current portion	**451,909,360**	-
Lease liability - net of current portion	**90,209,056**	342,399,321
Net retirement benefit liability	**745,992**	-
Net deferred tax liabilities	**695,769,204**	731,039,369
Total Noncurrent Liabilities	**1,238,633,612**	1,073,438,690
Total Liabilities	**22,403,135,294**	22,266,495,751
Equity		
Capital stock	**3,667,160,766**	3,667,160,766
Additional paid-in capital	**370,064,055**	370,064,055
Retained earnings (Deficit)	**(81,776,391)**	4,792,258
Treasury stock	**(3,240,000)**	(3,240,000)
Other equity reserves	**(52,307,812)**	(48,550,596)
Equity Attributable to Equity Holders of the Parent Company	**3,899,900,618**	3,990,226,483
Equity Attributable to Non-controlling Interests	**3,614,972,316**	3,537,939,908
Total Equity	**7,514,872,934**	7,528,166,391
	29,918,008,228	29,794,662,142
	-	-

BASIC ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

	2024		2023	
	Apr 01 to Jun 30	Jan 01 to Jun 30	Apr 01 to Jun 30	Jan 01 to Jun 30
REVENUES	11,523,308,000	24,592,012,651	15,571,945,696	33,019,548,857
COST OF SALES AND SERVICES	11,229,187,700	23,877,307,858	15,182,960,032	32,245,833,358
GROSS PROFIT	294,120,300	714,704,793	388,985,664	773,715,499
GENERAL AND ADMINISTRATIVE EXPENSES	(221,559,900)	(487,744,944)	(216,773,652)	(506,700,355)
FINANCE COSTS	(247,658,800)	(445,630,792)	(159,218,758)	(291,339,702)
SHARE IN NET INCOME (LOSSES) OF ASSOCIATES AND JOINT VENTURE A JOINT VENTURE	598,200	(8,303,340)	6,508,378	7,070,785
INTEREST INCOME	181,712,400	184,951,927	27,887,669	83,513,112
OTHER INCOME (LOSSES)	(83,364,800)	4,701,253	22,035,474	31,549,603
INCOME (LOSS) BEFORE INCOME TAX	(76,152,600)	(37,321,103)	69,424,775	97,808,942
INCOME TAX EXPENSE (BENEFIT)				
Current	2,975,100	12,548,578	(445,076)	(330,138)
Deferred	443,200	18,126,121	12,233,171	12,233,171
	3,418,300	30,674,699	11,788,095	11,903,033
NET INCOME (LOSS)	(79,570,900)	(67,995,802)	57,636,680	85,905,909
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company	(67,863,700)	(121,644,391)	40,556,810	35,348,167
Non-controlling interests	(11,707,300)	53,648,588	17,079,870	50,557,742
NET INCOME (LOSS)	(79,570,900)	(67,995,802)	57,636,680	85,905,909

NET INCOME (LOSS)	(79,571,000)	(67,995,802)	57,636,680	85,905,909
OTHER COMPREHENSIVE INCOME (LOSS)	(818,600.00)	(818,586)	-	-
TOTAL COMPREHENSIVE INCOME	(80,389,600)	(68,814,388)	57,636,680	85,905,909
Equity holders of the Parent Company	(68,682,300)	(122,462,975)	40,556,810	35,348,167
Non-controlling interests	(11,707,300)	53,648,587	17,079,870	50,557,742
NET INCOME (LOSS)	(80,389,600)	(68,814,388)	57,636,680	85,905,909
	-	-	-	-

BASIC ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

				Other Equity Reserves								
	Capital Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Equity Reserve on Acquisition of Non-controlling Interest	Cumulative Gain (Loss) on Translation of Investments in Associates	Cumulative Unrealized Gains (Loss) on Changes in Fair Value of Financial Assets at FVOCI	Cumulative Gain (Loss) on Consolidation of a Foreign Operation	Cumulative Remeasurement Gain (Loss) on Net Retirement Liability	Treasury Stock	Equity Attributable to Equity Holders of Parent Company	Equity Attributable to Non-controlling Interests	Total Equity
Balances as at December 31, 2023	**3,667,160,766.00**	**370,064,055.00**	**39,867,991.00**	**(53,945,929.00)**	**40,677.00**	**9,091,657.00**	**497,560.00**	**(4,234,561.00)**	**(3,240,000.00)**	**4,025,302,216.00**	**3,561,323,728.00**	**7,586,625,944.00**
Stock issuance	-	-	-	-	-	-	-	-	-	-	-	-
Stock issuance costs	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
Net income	-	-	**(121,644,391)**	-	-	-	-	-	-	**(121,644,381)**	**53,648,587**	**(67,995,794.00)**
Other comprehensive Income (loss)	-	-	-	-	-	**(818,586)**	**(2,938,631)**	-	-	**(3,757,217)**	-	**(3,757,217.00)**
Balances as at June 30, 2024	**3,667,160,766.00**	**370,064,055.00**	**(81,776,400.00)**	**(53,945,929.00)**	**40,677**	**8,273,071**	**(2,441,071)**	**(4,234,561)**	**(3,240,000.00)**	**3,899,900,618**	**3,614,972,315.00**	**7,514,872,933.00**
Balances as at December 31, 2022	**3,554,660,766**	**352,939,718**	**(50,976,429)**	**(53,945,929)**	-	**8,961,947**	**2,440,838**	146,685.00	**(3,240,000)**	**3,824,182,406**	**3,490,070,357**	**7,314,252,763**
Stock issuance		-	-	-	-	-	-	-	-	-	-	-
Stock issuance costs	-	-	-	-	-	-	-	-	-		-	-
Effect of acquisition of a subsidiary	-	-	-	-	-	-	-	-	-		-	-
Net income	-	-	**48,067,287**	-	-	-	-	-	-	**48,067,287**	**48,874,882**	**96,942,169**
Other comprehensive Income (loss)	-	-	-	-	-	**(810,000)**	**(28,166,528)**	**(36,301,913)**	-	**(65,278,441)**	-	**(65,278,441)**
Balances as at June 30, 2023	**3,554,660,766**	**352,939,718**	**(2,909,142)**	**(53,945,929)**	-	**8,151,947**	**(25,725,690)**	**(36,155,228)**	**(3,240,000)**	**3,806,971,252**	**3,538,945,239**	**7,345,916,491**

BASIC ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**(37,321,103)**	85,905,909
Adjustments for:		
Depreciation and amortization	**150,795,722**	17,515,308
Finance costs	**445,630,792**	
Unrealized foreign exchange losses (gain)	**(8,833,010)**	(6,916,639)
Interest income	**(184,951,927)**	(83,513,112)
Share in net loss of associates and a joint venture	**-**	(7,070,785)
Impairment losses on trade and other receivables	**-**	22,810,925
Operating income (loss) before working capital changes	**365,320,474**	28,731,606
Decrease (increase) in:		
Trade and other receivables	**(1,868,319,089)**	893,829,731
Inventories	**919,878,142**	(1,282,040,772)
Receivable from sale of noncurrent asset held for sale	**-**	(217,064,210)
Other current assets	**(28,486,806)**	(337,151,475)
Other noncurrent assets	**26,720,261**	9,929,938
Increase (decrease) in trade and other payables	**(8,201,207,186)**	(9,722,701,428)
Net cash used in operations	**(8,786,094,204)**	**(10,626,466,610)**
Income taxes paid	**(136,140,909)**	-
Interest received	**184,677,166**	83,513,112
Net cash used in operating activities	**(8,737,557,947)**	**(10,542,953,498)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions (Deductions) to:		
Investment property	**(7,416,002)**	-
Long-term placements	**(7,089,740)**	-
Proceeds from sale of property and equipment	**127,187,230**	
Redemption of debt securities at FVOCI	**(3,757,216)**	-
Net cash provided by (used in) investing activities	**108,924,272**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of loans payable	**8,648,496,548**	13,090,852,199
Payments:		
Trust receipts payable	**-**	(1,200,000,000)
Interests	**(445,630,792)**	(195,619,806)
Lease liabilities	**(252,190,258)**	(132,090,409)
Net cash provided by (used in) financing activities	**7,950,675,498**	**11,563,141,984**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(677,958,177)**	**1,020,188,486**
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH E(	**8,833,010**	136,046
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,836,923,389**	1,752,939,406
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,167,798,222**	**2,773,263,938**
	-	

BASIC ENERGY CORPORATION AND SUBSIDIARIES

AGING OF TRADE AND OTHER RECEIVABLES

AS AT JUNE 30, 2024

	Total	Current	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 365 Days	365 Days or More
Trade	15,387,672,006	11,592,802,075	1,874,680,982	1,867,920,101	1,817,737	(1,888,500)	52,339,611
Nontrade	8,908,637	-	-	-	-	-	8,908,637
Others	1,349,039,882	1,343,685,704	-	-	-	-	5,354,178
	16,745,620,525	12,936,487,779	1,874,680,982	1,867,920,101	1,817,737	(1,888,500)	66,602,426

BASIC ENERGY CORPORATION AND SUBSIDIARIES

AGING OF TRADE AND OTHER PAYABLES

AS AT JUNE 30, 2024

	Total	Current	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 365 Days	365 Days or More
Trade	1,938,006,832	1,937,805,960	-	-	-	-	200,872
Nontrade	(260,051,138)	(273,595,004)	-	-	-	-	13,543,866
Others	684,626,096	674,133,896	-	3,760,669	-	-	6,731,531
	2,362,581,790	2,338,344,852	-	3,760,669	-	-	20,476,269

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2024
(With Comparative Information for 2023)

1. **General Information**

Corporate Information

Basic Energy Corporation (the Parent Company or BEC) was incorporated under the laws of the Republic of the Philippines and registered in the Philippine Securities and Exchange Commission (SEC) on September 19, 1968.

On September 30, 2021, Map 2000 Development Corporation (M2DC or the Ultimate Parent Company) acquired 67% ownership of the Parent Company. M2DC is registered with the Philippine SEC and is engaged in the business of real estate acquisition, development, and management. Effectively, the Parent Company became a subsidiary of M2DC.

The Parent Company is a holding company with diversified business interests in various fields of renewable energy and alternative fuels, wholesale and distribution of petroleum products, and in oil and gas exploration and development.

The Parent Company shares are listed in the Philippine Stock Exchange (PSE) under the trading symbol "BSC".

The registered business address of the Parent Company is UB 111 Paseo de Roxas Building, Paseo de Roxas, Legaspi Village, Makati City.

The Parent Company and its subsidiaries are collectively referred to herein as "the Group". The details of the subsidiaries are as follows:

		Percentage of Ownership (%)			
		2023		2022	
	Nature of Business	**Direct**	**Indirect**	Direct	Indirect
Basic Diversified Industrial Holdings, Inc. (BDIHI)	Holding Company	**100.00**	**–**	100.00	–
Basic Biofuels Corporation (BBC)	Development of Biofuels	**100.00**	**–**	100.00	–
Basic Renewables, Inc. (BRI)	Development of Renewable Energy Resources	**100.00**	**–**	100.00	–
iBasic, Inc. (iBasic)	Development and Maintenance of Computer Software	**100.00**	**–**	100.00	–
Grandway Group Limited (GGL)*	Holding Company	**100.00**	**–**	100.00	–
Mabini Energy Corporation (MEC) (Formerly Basic Geothermal Energy Corporation)	Development of Renewable Energy Resources	**100.00**	**–**	–	–
Basic Energy Renewable Corporation (BERC)	Development of EV Charging Stations	**100.00**	**–**	–	–
San Joaquin Wind Energy Corporation (SJWEC)	Development of Wind Energy Resources	**100.00**	**–**	–	–
Starfish Wind Energy Corporation (SWEC)	Development of Wind Energy Resources	**100.00**	**–**	–	–
Pasuquin Wind Energy Corporation (PWEC)	Development of Wind Energy Resources	**100.00**	**–**	–	–
PT Basic Energy Solusi (PT BES)*	Oil Exploration	**–**	**95.00**	–	95.00
Southwest Resources, Inc. (SRI)	Oil Exploration	**72.58**	**–**	72.58	–
Filoil Energy Company, Inc. (FECI)	Holding Company	**60.00**	**–**	–	–
La Defense Filipinas Holdings Corporation (LDFHC)**	Hold and Invest in Real Properties	**–**	**36.00**	–	–
Filipinas Third Millenium Realty Corporation (FTMRC)***	Fuel Terminalling and Storage Services	**–**	**36.00**	–	–
Map 2000 Terminals, Inc. (M2TI)***	Fuel Terminalling and Storage Services	**–**	**36.00**	–	–
Filoil Logisitics Corporation (FLC)**	Wholesale and Distribution of Petroleum Products	**–**	**30.60**	–	–
Peninsula Land Bay Realty Corp. (PLBRC)***	Management Services	**–**	**18.00**	–	–

Status of Operations

On December 18, 2020, the Parent Company entered into a Memorandum of Agreement (MOA) with MAP 2000 Development Corporation (M2DC) for its subscription to 67% capital stock of the Parent Company for ₱2,800.0 million. The capital stock subscription was completed on September 30, 2021.

The Parent Company used the proceeds from the issuance of capital stock to partially fund its acquisition of 60% ownership in Filoil Energy Company, Inc. (FECI) for ₱3,000.0 million pursuant to the Subscription Agreement between the Parent Company and FECI on December 7, 2021. FECI is engaged in downstream petroleum business through its joint venture arrangement with an international petroleum company. The business operations of FECI includes supply and logistics, marketing and retail, and management of fuel depots and terminals with allied logistical services for petroleum products.

The acquisition significantly improved the Group's consolidated financial position and results of operations. The new board of directors and management continuously streamline the business operations of the Group to improve its business activities and create efficiency in its operations. This includes plan to sell some of its stock investments to generate funds to finance future projects on alternative and renewable energy sources.

On October 25, 2022, MEC officially commenced the wind resource assessment campaign after successfully installing and testing the meteorological mast facility at Mabini, Batangas for its potential 50MW Mabini Wind Energy Project.

2. **Summary of Significant Accounting Policies**

Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group as at September 30, 2023 have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine interpretations from International Financial Reporting Interpretations Committee (IFRIC).

Measurement Bases

The consolidated financial statements are presented in Philippine Peso, the Parent Company's functional currency. The Parent Company and its subsidiaries determine their own functional currencies, which best reflect the economic substance of the underlying transactions, events and conditions relevant to each entity. All values are rounded off to the nearest Peso, unless otherwise indicated.

At each reporting date, the assets and liabilities of GGL and PT BES are translated from their functional currencies (US Dollar and Indonesian Rupiah, respectively) to the Parent Company's functional and presentation currency (Philippine Peso) using the closing rate at each reporting date, while its comprehensive income is translated using weighted average exchange rates during the year.

The exchange differences arising on translation of a foreign operation are recognized in other comprehensive income (OCI).

The consolidated financial statements of the Group have been prepared on the historical cost basis, except for the following:

	Measurement Bases
Financial assets at fair value through other comprehensive income (FVOCI)	Fair Value
Investment properties	Fair Value
Derivative financial instruments	Fair Value

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the following valuation techniques:

- Level 1 – Quoted (unadjusted) market prices in active market for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes to the consolidated financial statements:

- Note 11 – Financial Assets at FVOCI
- Note 13 – Investment Properties
- Note 29 – Fair Value Measurement

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS effective January 1, 2022:

- Amendment to PFRS 16, *Leases - COVID-19-Related Rent Concessions beyond June 30, 2021* – In 2020, PFRS 16 was amended to provide practical expedient to lessees from applying the requirements on lease modifications for eligible rent concessions resulting from COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for a change that is not a lease modification, e.g., as a variable lease payment. This amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted, and covers eligible rent concessions until June 30, 2021.

  Due to the continuing impact of the pandemic, another amendment to PFRS 16 was issued in 2021, which allowed lessees to extend the application of the practical expedient regarding COVID-19-related rent concessions to reduction in lease payments that are due on or before June 30, 2022.

- Amendments to PFRS 3, *Business Combinations - Reference to Conceptual Framework* – The amendments replaced the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement ensures that the liabilities recognized in a business combination will remain the same as those recognized applying the current requirements in PFRS 3. The amendments also clarify that an acquirer shall not recognize contingent assets acquired in a business combination.

- Amendments to PAS 16, *Property, Plant and Equipment – Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. There is no transition relief for first-time adopters.

- Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The 'costs of fulfilling' a contract comprise the 'costs that relate directly to the contract'. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

- Amendments to PFRS 9, *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

- Amendments to PFRS 16, *Leases – Lease Incentives* – The amendments remove from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

The adoption of the amended PFRS did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the unaudited interim consolidated financial statements, are summarized below:

Effective January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments – Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Income Taxes – Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments should be applied on a modified retrospective basis. Earlier application is permitted.

Effective January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Group shall also apply Amendments to PAS 1 – *Noncurrent Liabilities with Covenants* for that period.

Deferred effectivity –

- Amendment to PFRS 10, *Consolidated Financial Statements, and* PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Group shall also apply Amendments to PAS 1 – *Classification of Liabilities as Current or Noncurrent* for that period.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the notes to the consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries.

Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

- power over investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases.

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. If the Group retains interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial assets at fair value through other comprehensive income (FVOCI) depending on the level of influence retained.

Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented separately in the Group's consolidated statements of comprehensive income and within equity in the Group's consolidated statements of financial position, separate from equity attributable to equity holders of the Parent Company, respectively.

Non-controlling interests (NCI) represent the following as at December 31, 2022 and 2021:

		% of Interest	
	Type of Interest	**2023**	2022
FECI	Direct	**40.00**	40.00
SRI	Direct	**27.42**	27.42
PT BES	Indirect	**5.00**	5.00
LDFHC	Indirect	**64.00**	64.00
FTMRC	Indirect	**64.00**	64.00
M2TI	Indirect	**64.00**	64.00
PLBRC	Indirect	**70.00**	70.00
FLC	Indirect	**69.40**	69.40

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the fair value of the acquiree's identifiable net assets. Transaction costs are expensed as incurred and included in general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree, if any.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date at fair value and any resulting gain or loss is recognized in the consolidated statements of comprehensive income.

Any contingent consideration to be transferred by the Group will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments*, is measured at fair value with changes in fair value recognized in the consolidated statements of comprehensive income in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each financial reporting date with changes in fair value recognized in the consolidated statement of comprehensive income.

If the initial measurement of the fair value of net identifiable assets acquired in a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group recognizes in its consolidated financial statements provisional amounts for the items for which the measurement is incomplete. During the measurement period, the Group retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group recognizes additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Group receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statements of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash generating unit (CGU) or group of CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as a liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Classification of Assets and Liabilities between Current and Noncurrent

The Group presents current and noncurrent assets, and current and noncurrent liabilities, as separate classifications in the notes to consolidated financial statements.

Current Assets. The Group classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within 12 months after the reporting period; or
- The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Otherwise, the Group will classify all other assets as noncurrent.

Current Liabilities. The Group classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within 12 months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise, the Group will classify all other liabilities as noncurrent.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity or a financial liability or equity instrument of another entity.

Date of Recognition. The Group recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting.

"Day 1" Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there are no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Financial Assets

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. The classification of a financial asset largely depends on the Group's business model for managing the asset and its contractual cash flow characteristics.

Financial Assets at FVPL. Financial assets at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

The Group may, at initial recognition, designate a financial asset meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL are recognized in the consolidated statements of comprehensive income.

As at September 30, 2023 and December 31, 2022, the Group classified its derivative financial instrument under this category.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process.

As at September 30, 2023 and December 31, 2022, the Group's cash and cash equivalents, trade and other receivables, refundable deposits, and long-term placements are included in this category.

Financial Assets at FVOCI – Debt Instruments. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets are measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, interest income (calculated using the effective interest rate method) and impairment gains or losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

As at September 30, 2023 and December 31, 2022, the Group's investments in quoted debt securities are classified under this category.

Financial Assets at FVOCI – Equity Instruments. For equity instruments that are not held for trading, the Group may irrevocably designate, at initial recognition, a financial asset to be measured at FVOCI when it meets the definition of equity instrument under PAS 32, *Financial Instruments: Presentation.* This option is available and made on an instrument by instrument basis.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment.

All other gains or losses from equity instruments are recognized in OCI and are presented in the equity section of the consolidated statement of financial position and are not reclassified to profit or loss in subsequent periods, but instead, these are transferred directly to retained earnings.

As at September 30, 2023 and December 31, 2022, the Group has quoted investments in equity securities which were irrevocably designated as financial assets at FVOCI.

Derivative Financial Instruments
The Group uses derivative financial instruments such as foreign exchange forward contracts to manage its exposure to foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gain or loss arising from changes in fair value of derivatives that do not qualify for hedge accounting is recognized in profit or loss.

Reclassification
The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For equity instruments which were irrevocably designated at initial recognition as financial assets at FVOCI, no reclassification in another category is allowed.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Debt Instruments at FVOCI and Financial Assets at Amortized Cost. The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at FVPL. ECL is based on the difference between the cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group has applied the simplified approach and has calculated ECL based on lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment.

For other financial assets measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. The Group also considers reasonable and supportable information that is available without undue cost or effort and is indicative of significant increases in credit risk since initial recognition.

The Group considers a financial asset in default when contractual payments are 30 days past due unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the counterparty. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or source of income that could generate sufficient cash flows to repay the amount of financial asset for write-off. This assessment is carried out at the individual financial asset level.

Derecognition. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The right to receive cash flows from the asset has expired;
- The Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- The Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized cost, the initial measurement is net of any directly attributable transaction costs.

Classification. The Group classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at September 30, 2023 and December 31, 2022, the Group does not have financial liabilities at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue, and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at September 30, 2023 and December 31, 2022, the Group's trade and other payables (excluding nonfinancial liabilities and derivative liability), trust receipts payable, loans payable, trusts receipts payable and lease liabilities are classified under this category.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only if there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition, and it is calculated using the moving average method.

The NRV of inventories is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale. In determining the NRV, the Group considers any adjustment necessary for obsolescence.

When the NRV of the inventories is lower than their cost, the inventories are written-down to its NRV and the difference between the cost and NRV of the inventories is charged in profit or loss.

Noncurrent Asset Held for Sale
The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Noncurrent assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one (1) year from the date of classification.

If the one-year period is not complied, the Group can still classify its noncurrent asset as held for sale when:

- There are non-buyer conditions which extend the period required to complete the sale and the conditions can only be complied after a firm purchase commitment is obtained. The firm purchase commitment should be highly probable within one year
- There are buyer or non-buyer conditions that will extend the period required to complete the sale after the Group obtains a firm purchase agreement, and the Group already responded to the conditions expecting favorable resolution.
- During the one-year period, the noncurrent asset held for sale was not sold due to the occurrence of unlikely circumstances and the Group responded to the change in circumstances within the same period. Also, the noncurrent asset should be actively marketed at a reasonable price given the change in circumstances.

The Group recognizes an impairment loss for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell, to the extent that it has not been recognized in the carrying amount of the noncurrent asset before initial classification as held for sale. The Group recognizes a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognized.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statements of financial position.

Property and Equipment
The following property and equipment are stated at cost less accumulated depreciation, amortization and any accumulated impairment losses:

- Depot tanks
- Building and improvements
- Transportation equipment
- Furniture, fixtures, and office equipment

The initial cost of property and equipment consists of its purchase price after deducting trade discounts and rebates, import duties, nonrefundable purchase taxes, and any other costs directly attributable in bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor, any other costs directly attributable in bringing the assets to the working condition for their intended use, and costs of dismantling and removing the items and restoring the site on which they are located.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When parts of an item of property and equipment have different useful lives, these are accounted for as separate items (major components) of property and equipment.

Depreciation and amortization of property and equipment begin when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Depot tanks	15
Building and building improvements	15
Transportation equipment	5
Furniture, fixtures and office equipment	3

The estimated useful lives, depreciation and amortization method are reviewed at each reporting date to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation, amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Construction in progress represents properties under construction and is stated at cost, including costs of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for operational use.

Investments in Associates and a Joint Venture

These consist of investments in a joint arrangement classified as a joint venture and associates that are accounted for at equity method.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's Investments in Associates and a Joint Venture are accounted for under the equity method. The investments are initially recognized at cost and adjusted to recognize the Group's share in the changes in the net assets of the associates since the acquisition date. Goodwill relating to the joint venture or associate is included in the carrying amount of the investment and is not tested for impairment separately. Dividends received by the Group from the associates and joint venture will reduce the carrying amount of the investments when the right to receive the dividend is established. Dividends received from associates and joint venture whose carrying values have been reduced to zero are recognized as income in the consolidated statement of income. The Group recognizes its share in net income or loss of the associates in profit or loss. Any change in OCI of the associates is presented as part of the Group's OCI. In addition, where there has been a change recognized directly in equity of the associate, the Group recognizes its share in these changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the Joint Venture or associate are eliminated to the extent of the Group's interest in the joint venture or associate.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in the joint venture or associate. At each financial reporting date, the Group determines whether there is objective evidence that the investment in the joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or associate and its carrying value, then recognizes the loss within share in earnings from investments in associates and joint ventures in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The financial statements of the associates are prepared in the same reporting period and using the uniform accounting policies used by the Group.

Investment Properties

Investment properties pertain to land, buildings and improvements, and depot tanks held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

Investment properties are initially measured at cost which pertains to the purchase price and any directly attributable costs related to the acquisition. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognized in profit or loss in the period in which they arise. Fair values are determined using market data approach by an accredited external independent real estate appraiser.

An investment property is derecognized either when the asset has been disposed of or when the investment property has been permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer, if any.

Transfers are made to or from investment property only when there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party or ending of the construction or development. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Deferred Exploration and Evaluation Costs

Deferred exploration and evaluation costs arising from the Group's exploration and evaluation activities are carried at cost less any accumulated impairment losses, if any.

Exploration and evaluation activities involve the search for oil, gas or other natural resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. These include the following:

- Acquisitions of rights to explore;
- Gathering exploration data through geophysical studies;
- Determining and examining the volume and grade of the resource;
- Surveying transportation and infrastructure requirements; and
- Evaluating the technical feasibility and commercial viability of extracting the resource.

Exploration and evaluation expenditures are recognized as assets when the future economic benefit is more likely than not to be realized. These costs include directly attributable employee remuneration, materials and fuels used, surveying costs, drilling costs and payments made to contractors. The Group capitalizes any further costs incurred for exploration and evaluation activities up to the point when a commercial reserve is established.

Deferred exploration and evaluation costs are assessed for impairment before these are reclassified to "Property and equipment" account in the consolidated statement of financial position when the technical feasibility and commercial viability of extracting the resources are demonstrable. Any impairment loss is recognized in profit or loss. If the exploration area is found to contain no commercial reserves, the deferred exploration and evaluation costs are charged to profit or loss.

Intangible Asset

Intangible asset pertains to exploration rights. This is stated at cost, which includes purchase price and other direct costs, less accumulated amortization and any impairment in value. Intangible asset is amortized over their useful lives on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible asset with finite useful lives are recognized in profit or loss.

The useful life of an intangible asset arising from contractual or other legal rights should not exceed the period of those rights, but may be shorter depending on the period over which the intangible asset is expected to be used by the Group. Intangible asset is amortized on a straight-line basis over two (2) years.

When intangible asset is retired or otherwise disposed of, the cost and the related accumulated amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Other Nonfinancial Assets

Other nonfinancial assets pertain to excess tax credits, prepayments, input value-added tax (VAT), and deferred input VAT.

Excess Tax Credits. Excess tax credits pertain to the Group's excess income tax payments. These include taxes withheld and remitted to the Bureau of Internal Revenue (BIR) by customers which can be applied to the Group's income tax payable in the same year the related income was recognized. Excess tax credits are carried forward and can be utilized in succeeding years. These are measured at face amount, less any impairment in value.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and included in profit or loss when incurred. Prepayments that are expected to be utilized within 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

VAT. VAT is a tax on consumption levied on the sale, barter, exchange, or lease of goods or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services.

Revenue, expenses, and assets are recognized net of the amount of VAT, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that include the amount of VAT.

The net amount of VAT recoverable from the taxation authority is presented as "Input VAT" under "Other noncurrent assets" account in the consolidated statement of financial position.

Deferred Input VAT. In accordance with Revenue Regulations (RR) No. 16-2005, input VAT on purchases or imports of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million is claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services, including the use or lease of properties.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Based on Revenue Memorandum Circular (RMC) 21-2022, effective January 1, 2022, all input tax on purchases of capital goods shall no longer be deferred, but allowed to be claimed upon purchase or payment. Remaining unutilized input VAT shall be allowed to be amortized as scheduled until fully utilized.

Deferred input VAT that are expected to be claimed against output VAT within 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. If such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash- generating units (CGU) are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction less cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted prospectively to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Equity

Capital Stock. Common stock is measured at par value for all shares issued and subscribed. Unpaid subscriptions are recognized as reduction to subscribed capital stock.

Additional Paid-in Capital (APIC). APIC represents the proceeds and/or fair value of consideration received in excess of the par value of the shares issued. Incremental costs directly attributable to the issuance of new common stock are recognized as a deduction from APIC, net of any tax effects.

Deficit. Deficit represents the cumulative balance of the Group's profit or loss.

Treasury Stock. Treasury stock represents the Parent Company's shares held by its subsidiary, which are carried at cost and deducted from equity until the shares are cancelled or sold.

When the shares are subsequently sold, the difference between the cost and consideration received, net of any directly attributable transaction costs, is included in equity attributable to the equity holders of the Parent Company.

Other Equity Reserves. Other equity reserves consist of cumulative balances of items of income and expense that are not recognized in profit or loss in accordance with PFRS. Other equity reserves of the Group pertain to equity reserve on acquisition of NCI, cumulative gain (loss) on translation of Investments in Associates, cumulative unrealized gain changes in fair value of financial assets at FVOCI, cumulative translation loss on consolidation of a foreign operations, and cumulative remeasurement gain (loss) on net retirement benefit liability.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

Sale of Fuel. Sales revenue is recognized at the point in time when control of the asset is transferred to the customer upon delivery. The normal credit term is 15 to 120 days.

Service Income. Service income including hauling fees and port service income is recognized over the period that the related service is provided.

Income from Penalty on Delayed Payment of Receivables. Income from penalty on delayed payment of receivables are recognized when payments are received from customers.

Other Income. Income from other sources is recognized as revenue when earned.

The following are the specific recognition criteria for other revenues outside the scope of PFRS 15, *Revenues*:

Rental Income. Revenue on rental under non-cancellable and cancellable leases are recognized on a straight-line basis over the lease term.

Interest Income. Interest income is recognized as the interest accrues taking into account the effective yield on the asset, net of final tax.

Dividend Income. Dividend income is recognized when the Group's right to receive payment is established.

<u>Expense Recognition</u>

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of Sales. Cost of sales includes the purchase price of the products sold as well as costs that are directly attributable in bringing the inventory to its intended condition and location. Costs of sales is recognized when the related goods are delivered to the customers.

Cost of Services. Cost of services are recognized as expense when the related services are rendered.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are expensed when incurred.

Finance Costs. Finance costs are recognized in profit or loss using the effective interest method.

<u>Leases</u>

The Group assesses whether the contract is, or contains a lease at the commencement date. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

i. The right to obtain substantially all of the economic benefits from use of the identified asset; and
ii. The right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. The Group also assesses whether a contract contains a lease for each potential separate lease component.
Group as Lessor. Leases where the Group retains substantially all the risks and rewards of ownership are classified as operating leases. Rental income is recognized in profit or loss when earned upon the fulfilment of the variable considerations which are mutually agreed by the parties in the arrangement.

Group as a Lessee. At the commencement date, the Group recognizes right of use (ROU) asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

The Group elected to apply the recognition exemption on short-term leases. The related lease expenses on these lease agreements are recognized in profit or loss on a straight-line basis.

ROU Asset. At commencement date of the lease contracts, the Group measures ROU asset at cost. The initial measurement of ROU asset includes the following:

- The amount of the initial measurement of lease liability;
- Lease payments made at or before the commencement date less any lease incentives received;
- Initial direct costs; and
- An estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU asset is carried at cost less any accumulated amortization and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities.

ROU asset is presented under Property and equipment. Amortization is computed using the straight-line method over the estimated useful life of 25 years.

Lease Liabilities. At commencement date, the Group measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate (IBR).

Lease payments included in the measurement of lease liabilities comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonable certain not to terminate early.

Lease liabilities are subsequently measured at amortized cost. Interest on the lease liabilities and any variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liabilities are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liabilities are remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liabilities are also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Employee Benefits

Short-term Benefits. The Group recognizes short-term employee benefits based on contractual arrangements with employees. The unpaid portion of the short-term employee benefits is measured on an undiscounted basis and is included as part of "Trade and other payables" account in the consolidated statement of financial position.

Retirement Benefit. Retirement benefit costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of net retirement benefits costs is performed annually by a qualified actuary. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The net retirement benefit liability recognized by the Group is the aggregate of the present value of the defined benefit obligation reduced by the fair value of plan assets out of which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related net retirement benefit liability.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting the estimated future cash flows using discount rates that reflect both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement benefit liability, the measurement of the resulting net retirement benefit is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group recognizes retirement benefit costs, comprising of current service cost and net interest income or expense in profit or loss. The Group determines the net interest cost by applying the discount rate to the defined benefit liability at the beginning of the reporting period, taking into account any changes in the defined benefit liability during the period as a result of benefit payments.

Remeasurements of the net retirement benefit liability, which consist of actuarial gains and losses and the return on plan assets (excluding interest), and the effect of asset ceiling (if any, excluding interest) are recognized immediately in OCI and are not reclassified to profit or loss in subsequent periods.

Foreign Currency-Denominated Transactions
Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at the reporting date. Differences arising on settlement or translation of monetary assets and liabilities are recognized in profit or loss.

Translation of a Foreign Operation. A foreign operation is a subsidiary, associate, joint arrangement or branch whose activities are based or conducted in a country or currency other than those of the reporting entity.

At each reporting date, the assets and liabilities of the foreign operation are translated from its functional currency to the Parent Company's functional and presentation currency using the closing rate at each reporting date, while its comprehensive income is translated using weighted average exchange rates during the year.

The exchange differences arising on translation of a foreign operation are recognized in OCI. Upon disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used in the computation are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized to equity or in OCI.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Related Party Transactions
Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. Related parties may be individual or corporate entities.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Segment Reporting
The Group reports separate information about its operating segment.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Group) and whose operating results are regularly reviewed to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete information is available.

Provisions and Contingencies
Provisions. Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, the estimated cash flows are discounted using a current pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies. Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Basic and Diluted Income (Loss) per Share

Basic Income (Loss) per Share. Basic income (loss) per share is calculated by dividing the net income (loss) for the period attributable to equity holders of the Parent Company by the weighted average number of issued and outstanding shares and subscribed shares, with retroactive adjustment for any stock dividends, stock splits or reverse stock splits during the year.

Diluted Income (Loss) per Share. Diluted income (loss) per share is calculated in the same manner as basic income (loss) per share, adjusted for the effects of any potentially dilutive, convertible securities.

Events After the Reporting Date
Post year-end events that provide additional information about the Group's financial position at

reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. **Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the consolidated financial statements requires management to exercise judgments and make accounting estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. The judgments, accounting estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances at the reporting date.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates. The accounting estimates and underlying assumptions are reviewed on an ongoing basis.

The following are the significant judgments, accounting estimates and assumptions made by the Group:

Judgments

Determination of Functional and Presentation Currency. The Group's consolidated financial statements are presented in Philippine Peso, the Parent Company's functional currency, which mainly influences labor, material and other costs of providing goods or services. The Parent Company and its subsidiaries determine their own functional currencies, which best reflect the economic substance of the underlying transactions, events and conditions relevant to each entity.

Based on the economic substance of the underlying circumstances, the functional currency of the Group's subsidiaries, except GGL and PT BES, is the Philippine Peso. The functional currency and presentation currency of GGL and PT BES are US Dollar and Indonesian Rupiah, respectively.

Classification and Measurement of Financial Assets. Classification and measurement of financial assets depend on the results of the contractual cash flow and the business model tests. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how these risks are managed.

At initial recognition, the Group designated its investments in equity and debt securities as financial assets at FVOCI.

Cash and cash equivalents, trade and other receivables, refundable deposit and long-term placements were classified as financial assets at amortized cost since the Group's primary business model in relation to these assets is to hold the financial assets to collect contractual cash flows solely for principal and interest.

Determination of Operating Lease – Group as Lessor. The Group, as a lessor, has entered into property leases for its investment properties. The Group has determined that it retains all the significant risks and rewards of ownership of these properties. Accordingly, the leases are accounted as operating leases.

Classification of Investment Properties. The Group determines whether a property qualifies as an investment property or an item of property and equipment. In making its judgment, the Group considers whether the property is held primarily to earn rentals or capital appreciation or used for operations and administrative purposes by the Group.

The Group classifies land, building and improvements, and its construction in progress held to earn rentals as investment properties.

Determination of Lease Term for Contracts with Extension and Termination Options – Group as a Lessee. The Group determines the term of its lease contracts as non-cancellable, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group's lease contracts includes extension and termination options subject to mutual agreement between the Group and its lessors. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease, considering all relevant factors that create an economic incentive for it to exercise either the renewal or termination. The management assessed that the option to extend or terminate the lease is not reasonably certain to be exercised. Accordingly, the Group did not include the periods covered by the extension option as part of the lease term, since these are not enforceable at the reporting date.

Fair Value Measurement of Financial Instruments. The fair values of securities that are actively traded in organized financial markets are determined by reference to unadjusted quoted market prices at the close of business on the reporting date.

The fair values of financial instruments that are not quoted in active markets are determined by using generally accepted valuation techniques, such as discounted cash flow models. The models are validated and periodically reviewed by qualified personnel independent of the area that created them and are approved by the BOD before these are used. The models are calibrated to ensure that outputs reflect actual data and comparative market prices. Further, inputs used in these models are from observable data and quoted market prices in respect of similar financial instruments. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility.

While significant components of fair value measurement were determined using verifiable objective evidence, such as foreign exchange rates, the amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect the financial statements.

In accordance with the amendments to PFRS 7, disclosures about the level in the fair value hierarchy are required in which the fair value measurements are categorized for assets and liabilities measured in the consolidated statements of financial position.

Classification of Investment in an Associate as Noncurrent Asset Held For Sale. The Group classifies a noncurrent asset as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In making its judgment, the Group considers its management's commitment to sell the asset within one (1) year. When the one-year period is not met, the Group determines whether the delay of the sale is caused by events or circumstances beyond its control and there is sufficient evidence that the Group remains committed to its plan to sell the asset.

Determination of Interest in a Joint Arrangement. A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group classified its interest in joint arrangement with Mariveles Joint Venture Corporation (MJVC), as a joint venture in accordance with under PFRS 11, *Joint Arrangements* after considering the following factors:

- the structure and form of the arrangement;
- the terms agreed by the parties in the arrangement; and
- the Group's rights and obligations arising from the arrangement.

Accordingly, the Group accounts for its equity interests in a joint venture using the equity method.

Existence of Significant Influence over FAP, VINTER, VEPC, ANDRC and EIAC. The Group assessed that it has significant influence where significant influence is presumed under PAS 28, *Investments in Associates and a Joint Venture* having interest ownership of at least 20%. Significant influence has been established by the Group over the investees because of its participation in the decision making process of the investees' significant activities, through its representation in the investees' BOD.

Assessment of Control on PLBRC. An entity is considered as a subsidiary when it is controlled by the Group. Control is established when the Group is exposed or has rights to variable returns from its involvement with an entity, and has the ability to affect those returns through its power over the entity.

The Group considers PLBRC as a subsidiary even though it has less than 51% equity ownership because it can exercise control over the management and operations of PLBRC. Moreover, majority of PLBRC's assets are being utilized in the Group's operations. Accordingly, the consolidated financial statements of the Group include those of PLBRC.

Determination of Reportable Operating Segments. The Group has determined that it has reportable segments based on the following thresholds:

- Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.
- The absolute amount of its reported profit or loss is 10% or more, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.
- Its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the consolidated financial statements. The Group assessed that it has a single reportable operating segment which is the downstream oil operations, particularly the sale of petroleum products based on the criteria above.

Accounting Estimates and Assumptions

Assessment for ECL on Trade Receivables. The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates to forward-looking default rates by determining the closely related economic factor affecting each customer segment. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for ECL on trade receivables is sensitive to changes in assumptions about forecasted economic conditions.

Assessment for ECL on Other Financial Assets at Amortized Cost and Quoted Debt Instruments Classified as Financial Assets at FVOCI. The Group determines the allowance for ECL using the general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the counterparty.

The Group also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the counterparty.

For cash in banks and cash equivalents, refundable deposit and debt instruments classified as financial assets at FVOCI, the Group assessed that the ECL is not material because the transactions with respect to these financial assets were entered only with banks and counterparties with good credit standing and relatively low risk of default. Accordingly, no provision for ECL on these financial assets was recognized in 2022, 2021 and 2020.

Valuation of Inventories at the Lower of Cost or NRV. The Group writes down the cost of inventories whenever NRV becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The lower of cost or NRV is reviewed regularly to reflect the accurate valuation in the financial records. Inventory items identified to be obsolete and unusable are also written off and charged as expense for the period.

No provision for inventory obsolescence is recognized in the consolidated statements of comprehensive income as at September 30, 2023 and December 31, 2022.

Allocation of the Purchase Price in a Business Combination. The Group accounts for its business combinations using the acquisition method which requires extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the identifiable assets and liabilities assumed in a business combination at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill or gain on bargain purchase in profit or loss. The significant judgments and assumptions made in estimating the fair value to be assigned to the identifiable assets and liabilities assumed in a business combination can materially affect the consolidated financial statements.

The Group engaged an external qualified appraiser to measure the fair values of investment properties and property and equipment arising from the acquisition of FECI in 2021. However, the fair values of net assets acquired are based on provisional amounts while the Group sought an independent valuation of the investment in associates under FECI. As allowed under PFRS 3, *Business Combinations,* the Group has a one-year measurement period from the acquisition date within which to finalize the fair values of net assets acquired. Any changes in the provisional fair values of net assets acquired will affect the amount of gain on bargain purchase recognized in profit or loss.

Estimation of the Useful Lives of Property and Equipment. The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimates are based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amount and timing of recording of depreciation expense for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of property and equipment as at September 30, 2023 and 2022.

Determination of the Fair Value of Investment Properties. Investment properties are measured at fair values. The Group works closely with external qualified appraisers who performed the valuation using appropriate valuation techniques. The comparable market data were adjusted as necessary to reflect the specific assets' size, location and other characteristics. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 13 to the consolidated financial statements.

Assessment for the Impairment of Nonfinancial Assets. The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction, less the cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

No impairment loss on nonfinancial assets was recognized in 2022 and 2021.

Determination of the Retirement Benefits. The determination of the net retirement benefit liability and expense is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 24 to the consolidated financial statements and include discount rates and salary increase rates among others. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded liability in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the net retirement benefit liability.

The Group has net retirement asset in a subsidiary and net retirement benefit liability in the Parent Company.

Estimation of the Incremental Borrowing Rate on Lease Liabilities. The Group uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Group estimates the incremental borrowing rate using available observable inputs (such as the prevailing Bloomberg Valuation Service interest rates) adjusted for entity-specific estimates, to reflect the terms and conditions of the lease.

The Group has applied incremental borrowing rate ranging from 3.95% to 7.05% for the computation of lease liabilities and ROU assets.

Estimation of Provisions. The Group is currently involved in certain claims and assessments. The Group determined the probable costs for these claims and assessments based upon an analysis of potential results. As allowed under the PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Management opted not to further disclose details regarding the claims and assessments because it can prejudice seriously the outcomes.

Recognition of Deferred Tax Assets. The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces the balance to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized.