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
   Jun 30, 2021
2. SEC Identification Number
   36359
3. BIR Tax Identification No.
   000-438-702-000
4. Exact name of issuer as specified in its charter
   BASIC ENERGY CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
   MAKATI CITY
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   UB 111 Paseo de Roxas, Legaspi Village, Makati City
   Postal Code
   1229
8. Issuer's telephone number, including area code
   +63 2 3224 4383
9. Former name or former address, and former fiscal year, if changed since last report
   NOT APPLICABLE
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES	4,660,267,714
LISTED WITH PSE	3,090,875,714

11. Are any or all of registrant's securities listed on a Stock Exchange?
    (•) Yes ( ) No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    PHILIPPINE STOCK EXCHANGE
12. Indicate by check mark whether the registrant:

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

- (•) Yes
- ( ) No

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

- (•) Yes
- ( ) No

BASIC ENERGY CORPORATION

Basic Energy Corporation
BSC

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules

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For the period ended	Jun 30, 2021
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2021	Dec 31, 2020
Current Assets	1,148,442,110	131,623,160
Total Assets	1,496,295,283	482,862,511
Current Liabilities	17,121,569	19,486,977
Total Liabilities	23,952,857	25,239,897
Retained Earnings/(Deficit)	(247,254,515)	(213,791,806)
Stockholders' Equity	1,481,899,206	466,851,581
Stockholders' Equity - Parent	1,485,139,206	470,091,581
Book Value per Share	0.36	0.11

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	0	0	0	0
Gross Expense	0	0	0	0
Non-Operating Income	596,312	515,875	928,672	2,729,115
Non-Operating Expense	18,956,972	(13,753,129)	34,719,194	24,823,834

Income/(Loss) Before Tax	(18,360,660)	14,269,004	(33,790,522)	(22,094,719)
Income Tax Expense	0	0	0	0
Net Income/(Loss) After Tax	(18,360,660)	14,269,004	(33,790,522)	(22,094,719)
Net Income Attributable to Parent Equity Holder	(18,361,825)	13,115,894	(33,462,709)	(21,810,656)
Earnings/(Loss) Per Share (Basic)	0	0	0	0
Earnings/(Loss) Per Share (Diluted)	0	0	0	0

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.01	0.06
Earnings/(Loss) Per Share (Diluted)	0.01	0.06

Other Relevant Information
Please refer to attached SEC Form 17-Q Quaterly Report as of June 30, 2021 for further details.

Filed on behalf by:

Name	Dominique Pascua
Designation	Compliance Officer

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended: **June 30, 2021**

2. Commission Identification No.: **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: **UB 111 Paseo de Roxas, Legaspi Village, Makati City**

   Postal Code: **1229**

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:

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	4,660,267,714
Listed with PSE	3,090,875,714

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

    Yes [X]   No [   ]

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 Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period 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 [   ]

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:	**Angel P. Gahol**
Title:	Corporate Secretary
Date:	
Principal Financial Officer:	**Alain S. Pangan**
Title:	VP - Finance
Date:	

ATTACHMENT "A"

FINANCIAL INFORMATION
For the period ended March 31, 2019

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

   1.1 Statements of Income and Retained Earnings for the Period Ended June 30, 2021 and June 30, 2020;
   1.2 Balance Sheets as of June 30, 2021 and December 31, 2020;
   1.3 Statements of Cash Flows for the Period Ended June 30, 2021 and June 30, 2020;
   1.4 Statements of Changes in Stockholders' Equity for the Period ended June 30, 2021 and June 30, 2020.

2. **Discussion on Financial Condition for the Period December 31, 2020 and June 30, 2021.**
   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 Qtr 2021	2nd Qtr 2020	2nd Qtr 2019
Return on Investments (ROI) (Net Income / Ave. Stockholders' Equity)	-3.47%	-7.27%	-4.72%
Profit Margin (Net Income / Net Revenue)	-3638.59%	-809.59%	-299.55%
Investment in Projects (Non-Petroleum) as a % of Total Assets	12.45%	30.49%	22.78%
Investment in Wells & Other Facilities as a % of Total Assets	0.40%	1.07%	15.66%
Current Ratio (Current Asset / Current Liabilities)	67.08:1	7.75:1	12.38:1
Asset Turnover (Net revenue / Ave. Total Assets)	0.09%	0.47%	1.47%
Solvency Ratios			
Debt to Equity Ratio	1.62%	5.73%	5.32%
Asset to Equity Ratio	100.97%	104.03%	103.97%

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 Assets, measures how much the company invested in its committed work programs. Current Ratio (Current Assets / Current Liabilities) measures the short-term debt-paying ability of the company. Asset Turnover (Net Revenue / Average Total Assets) measures how efficiently assets are used to produce profit.

ROI was -3.47% for the 2nd quarter of 2021, -7.27% for the 2nd quarter of 2020, and -4.72% for the

2nd quarter of 2019. The negative rates in 2019, 2020 and 2021 were due to the losses booked during those quarters.

Profit Margin was –3,638.59% for the 2nd quarter of 2021, --809.59% for the 2nd quarter of 2020, and -299.55% for the 2nd quarter of 2019. The negative rates in 2018, 2019 and 2020 were due to the losses booked during those quarters.

Investment in Projects (Non-Petroleum) as a % of Total Assets decreased to 12.45% in the 2nd quarter of 2021 from 30.49% for the 2nd quarter of 2020 which increased from 22.78% for the 2nd quarter of 2019. The decrease in 2021 was primarily due to the increase in total assets.

Investment in Wells & Other Facilities as a % of Total Assets decreased from 17.51% in the 2nd quarter of 2019 to 1.07% in the 2nd quarter of 2020 and further decreased to 0.40% in the first quarter of 2021. The decrease in rate from 2019 to 2020 was due decrease in investment in relation to the impairments recognized at the end of 2019 and the further decrease in 2021 was due the increase in total assets during the year.

Current Ratio was 67.08:1 for the 2nd quarter of 2021, 7.75:1 for the 2nd quarter of 2020, and 12.38:1 for the 2nd quarter of 2019. The increase in ratio from 2020 to 2021 was due to the increase in current assets and the decrease from 2019 to 2020 was due to the increase in current liabilities.

Asset Turnover was 0.09% for the 2nd quarter of 2021, 0.47% for the 2nd quarter of 2020, and 1.47% for the 2nd quarter of 2019. The decrease in asset turnover from 2020 to 2021 was due to the decrease in revenue and increase in average total assets. The decrease in asset turnover from 2019 to 2020 is due to the decrease in revenue.

Debt to Equity Ratio was 1.62% for the 2nd quarter of 2021, 5.73% for the 2nd quarter of 2020, and 5.32% for the 2nd quarter of 2019. The decrease in the debt equity ratio from 2020 to 2021 was due to the decrease in total liabilities and increase in total equity.

Asset to Equity Ratio was 100.97% for the 2nd quarter of 2021, 104.03% for the 2nd quarter of 2020, and 103.97% for the 2nd quarter of 2019. The decrease in ratio from 2020 to 2021 was due the higher increase in equity against the increase in assets.

B. Discussion and Analysis of Financial Condition as of June 30, 2021

For the period ending June 30, 2021, the company recorded total revenue of Php0.93 million and total cost and expenses of Php34.72 million resulting to a net loss of Php 33.79 million with minority interest recorded at Php0.33 million for a net loss net of minority interests of Php33.46 million.

Total revenue for the 2nd quarter of 2021 of Php0.6 million was primarily from interest income.

Cost and expenses for the 2nd quarter of 2021 amounting to Php18.96 million were from general and administrative expenses amounting to Php13.82 million, share in net loss of associates amounting to Php5.51 million and unrealized foreign exchange loss amounting to Php0.48 million.

Total assets as of June 30, 2021 stood at around Php1.5 billion an increase of around Php1.01 billion from Php482.86 million as of December 31, 2020. Current assets, composed mostly of cash and cash equivalents amounting to Php1.09 billion, receivables amounting to Php33.95 million, refundable deposits amounting to Php21.37 million, and prepayments and other current assets amounting to Php3.33 million, increased by Php1.01 million, due to payments received for the unpaid SOP and Private Placement shares and deposit for future stock subscription of around Php700.24 million . Non-current assets decreased by Php3.39 million primarily due to the decrease in investment in associates of Php3.55 million in the 2nd quarter of 2021.

Total Liabilities decreased by Php1.29 million from Php25.24 million as of December 31, 2020 to Php23.95 million as of June 30, 2021 primarily due to the decrease in accounts payable and accrued expenses.

Total Stockholders' Equity as of June 30, 2021 stood at Php1.48 billion an increase of around Php1.02 billion from Php466.85 million as of December 31, 2020. This was primarily due to the increase in capital stock of Php343.09 million due to the payment of unpaid SOP and Private Placement shares and deposit for future stock subscription of Php700.24 million.

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, 2020.

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, 2021.

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.

On September 8, 2011, the SEC approved the Stock Option Plan (SOP) of the Parent Company granting directors, members of the advisory board, officers and employees of the Parent Company options to purchase, at the par value of P0.25 per share, a total of 500,000,000 shares. Out of these shares, 26.7 million have been paid and listed in the Philippine Stock Exchange on January 21, 2013 which was classified as deposit for future stock subscription as of December 31, 2012. On July 24, 2013, the Philippine Stock Exchange approved for listing the remaining 473,300,000 shares. As of December 31, 2020, 117.625 million SOP shares were listed in the Philippine Stock Exchange. As of June 30, 2021, all 500,000,000 SOP shares have been fully paid.

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 December 31, 2020, 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.

BASIC ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of June 30, 2021 and December 31, 2020

		UNAUDITED June 30, 2021		AUDITED December 31, 2020
ASSETS				
Current Assets				
Cash and cash equivalents	₱	1,089,793,412	₱	73,869,174
Receivables, net of allowance for doubtful accounts		33,950,852		33,236,324
Refundable deposits		21,368,350		21,368,350
Other current assets		3,329,496		3,149,312
Total Current Assets	**₱**	**1,148,442,110**	**₱**	**131,623,160**
Noncurrent Assets				
Investment in associates	₱	119,898,616	₱	123,449,335
Financial assets at FVOCI		28,511,406		28,648,450
Investment properties		186,226,000		186,226,000
Property and equipment		840,686		1,046,996
Deferred charges		6,013,928		6,013,928
Other noncurrent assets		6,362,537		5,854,642
Total Noncurrent Assets	**₱**	**347,853,173**	**₱**	**351,239,351**
TOTAL ASSETS	**₱**	**1,496,295,283**	**₱**	**482,862,511**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued expenses	₱	16,232,855	₱	18,598,263
Dividends payable		888,714		888,714
Total Current Liabilities	**₱**	**17,121,569**	**₱**	**19,486,977**
Noncurrent Liabilities				
Accrued retirement benefits payable	₱	6,831,288	₱	5,752,920
Total Noncurrent Liabilities	**₱**	**6,831,288**	**₱**	**5,752,920**
TOTAL LIABILITIES	**₱**	**23,952,857**	**₱**	**25,239,897**
Minority Interest	**₱**	**(9,556,780)**	**₱**	**(9,228,967)**
Stockholders' Equity				
Equity attributable to equity holders of the Parent Company				
Capital stock	₱	1,046,941,929	₱	703,848,178
Additional Paid-in Capital		42,021,503		42,021,503
Deposit for future subscription		700,244,348		-
Equity reserve on acquisition on non-controlling interest		(53,945,929)		(53,945,929)
Fair value adjustments on financial assets		3,358,267		3,495,312
Remeasurement loss on accrued retirement benefits		(175,735)		(175,735)
Cumulative translation adjustment		21,518		(5,287,762)
Share in cumulative translation adjustment of associates		(6,072,180)		(6,072,180)
Retained earnings		(247,254,515)		(213,791,806)
Total Stockholders' Equity	**₱**	**1,485,139,206**	**₱**	**470,091,581**
Treasury stock (at cost)		(3,240,000)		(3,240,000)
TOTAL STOCKHOLDERS' EQUITY	**₱**	**1,481,899,206**	**₱**	**466,851,581**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**₱**	**1,496,295,283**	**₱**	**482,862,511**

BASIC ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
For the period ended June 30, 2021 and June 30, 2020

	For the period ended 30-Jun-21	For the quarter April-June 2021	For the period ended 30-Jun-20	For the quarter April-June 2020
REVENUES				
Interest, dividends and others	₱ 924,199	₱ 594,676	₱ 1,261,082	₱ 515,875
Realized foreign exchange gain	4,473	1,636	-	-
	₱ 928,672	**₱ 596,312**	**₱ 2,729,115**	**₱ 515,875**
COSTS AND EXPENSES				
General and administrative expenses	₱ 25,714,127	₱ 13,820,822	₱ 19,192,779	₱ 8,850,054
Realized foreign exchange loss	-	-	1,103	3,154
Unrealized foreign exchange loss	5,344,700	(484,189)	5,629,952	(22,606,337)
Provision for impairment losses	109,647	109,647	-	-
Share in net loss of associates	3,550,720	5,510,692	-	-
	₱ 34,719,194	**₱ 18,956,972**	**₱ 24,823,834**	**₱ (13,753,129)**
NET INCOME	**₱ (33,790,522)**	**₱ (18,360,660)**	**₱ (22,094,719)**	**₱ 14,269,004**
Minority Interest	(327,813)	1,165	(284,063)	1,153,111
	₱ (33,462,709)	**₱ (18,361,825)**	**₱ (21,810,656)**	**₱ 13,115,894**
RETAINED EARNINGS AT BEGINNING OF THE YEAR/QUARTER	(213,791,806)	(228,892,690)	(150,590,034)	(185,516,584)
RETAINED EARNINGS AT END OF THE YEAR/QUARTER	**₱ (247,254,515)**	**₱ (247,254,514)**	**₱ (172,400,690)**	**₱ (172,400,691)**
Earnings (Loss) per Share	**₱ (0.0080)**	**₱ (0.0044)**	**₱ (0.0077)**	**₱ 0.0047**

BASIC ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended June 30, 2021 and June 30, 2020

	For the period ended 30-Jun-21	For the quarter April-June 2021	For the period ended 30-Jun-20	For the quarter April-June 2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income (loss)	**₱ (33,790,522)**	**₱ (18,360,660)**	**₱ (22,094,719)**	**₱ 14,269,004**
Adjustment to reconcile net income to net cash provided by operating activities:				
Interest income	₱ 924,199	₱ 594,676	₱ 1,261,082	₱ 515,875
Depreciation,depletion and amortization	405,874	208,028	181,430	(8,121)
Foreign Exchange Gain/Loss	5,340,227	(485,825)	5,631,055	(22,603,183)
Operating income (loss) before working capital changes	**₱ (27,120,222)**	**₱ (18,043,781)**	**₱ (15,021,152)**	**₱ (7,826,425)**
Changes in assets and liabilities				
Decrease (Increase) in asset/s:				
Receivables	₱ (714,528)	₱ (436,055)	₱ (96,395)	₱ 404,096
Prepayments and other current assets	(688,080)	351,652	(460,165)	448,752
Increase (Decrease) in liabilities				
Accounts payable & accrued expenses	(2,365,408)	(2,402,330)	(278,019)	649,227
Accrued retirement benefits payable	1,078,368	433,776	(10,984,868)	1,066,224
Cash generated from (used in) operations	**₱ (29,809,870)**	**₱ (20,096,738)**	**₱ (26,840,599)**	**₱ (5,258,126)**
Interest received	(924,199)	(594,676)	(1,261,082)	(515,875)
Net cash flows from (used) in operating activities	**₱ (30,734,069)**	**₱ (20,691,414)**	**₱ (28,101,681)**	**₱ (5,774,001)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions (Deductions) to:				
Financial assets at FVOCI	₱ 137,044	₱ 76,665	₱ 17,501,415	₱ (274,697)
Investment in associates	3,550,719	5,510,692	(1,468,033)	-
Unrealized gain on fair value adjustments	(137,044)	(76,665)	498,585	274,697
Deferred charges	-	-	(117,855)	-
Property & equipment	(199,564)	(42,732)	-	-
Net cash flows from (used) in investing activities	**₱ 3,351,155**	**₱ 5,467,960**	**₱ 16,414,112**	**₱ -**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of capital stock	₱ 343,093,751	₱ 199,743,750	₱ -	₱ -
Proceeds from deposit for future subscription	700,244,348	700,244,348	-	-
Net cash flows from (used) in financing activities	**₱ 1,043,338,099**	**₱ 899,988,098**	**₱ -**	**₱ -**
Effect of foreign exchange rate chnages in cash & cash equivalent	₱ (5,340,227)	₱ 485,825	₱ (5,631,055)	₱ 22,603,183
Cumulative translation adjusment	5,309,280	(400,119)	5,331,670	(23,335,562)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	**₱ 1,015,924,238**	**₱ 884,850,349**	**₱ (11,986,954)**	**₱ (6,506,380)**
Cash and cash equivalent at beginning of the year/quarter	73,869,174	204,943,062	106,866,340	101,385,766
CASH AND CASH EQUIVALENT AT END	**₱ 1,089,793,412**	**₱ 1,089,793,411**	**₱ 94,879,386**	**₱ 94,879,385**

BASIC ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the period ended June 30, 2021 and June 30, 2020

	Jan to June		Quarters ended June 30	
	2021	**2020**	**2021**	**2020**
CAPITAL STOCK				
Par value: Php0.25 per share; Authorized: 10,000,000,000 shares				
Issued and subscribed	4,187,767,714	2,815,392,714	4,187,767,714	2,815,392,714
Paid-up capital at beginning of the year	₱ 1,046,941,929	₱ 703,848,179	1,046,941,929	703,848,179
Additional subscription	-	-	-	-
Paid-up capital at end of the period/quarter	**₱ 1,046,941,929**	**₱ 703,848,179**	**₱ 1,046,941,929**	**₱ 703,848,179**
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of the year	₱ 42,021,503	₱ 42,021,503	₱ 42,021,503	₱ 42,021,503
Additional subscription	-	-	-	-
Balance at end of the period/quarter	**₱ 42,021,503**	**₱ 42,021,503**	**₱ 42,021,503**	**₱ 42,021,503**
Deposit for future stock subscriptions	₱ 700,244,348	₱ -	₱ 700,244,348	₱ -
Equity reserve on acquisition of non-controlling interest	(53,945,929)	(53,945,929)	(53,945,929)	(53,945,929)
Fair value adjustments on financial assets	3,358,267	4,548,559	3,358,267	4,548,559
Remeasurement loss on accrued retirement benefits	(175,735)	70,373	(175,735)	70,373
Cumulative translation adjustment	21,518	920,720	21,518	920,720
Cumulative translation adjustment of associates	(6,072,180)	29,010,641	(6,072,180)	29,010,641
Retained earnings (deficit)				
Balance at beginning of the year	(213,791,806)	(150,590,034)	(228,892,691)	(185,516,583)
Net income (loss) for the period	(33,462,709)	(21,810,656)	(18,361,825)	13,115,893
Balance at the end of the period/quarter	₱ (247,254,515)	₱ (172,400,690)	₱ (247,254,515)	₱ (172,400,690)
Total	**₱ 1,485,139,206**	**₱ 554,073,357**	**₱ 1,485,139,206**	**₱ 554,073,357**
Treasury stock (at cost)	(3,240,000)	(3,240,000)	(3,240,000)	(3,240,000)
TOTAL STOCKHOLDERS' EQUITY	**₱ 1,481,899,206**	**₱ 550,833,357**	**₱ 1,481,899,206**	**₱ 550,833,357**

BASIC ENERGY CORPORATION AND SUBSIDIARIES
SCHEDULE OF ACCOUNTS RECEIVABLES
As of June 30, 2021

Receivable from Panphil Aqua Culture Corp	₱	21,198,972
Receivable from Associates		9,691,953
Receivable from CSR		413,544
Receivable from Stockholders		-
Accrued Interest Receivable		211,248
Advances to Officers & Employees		852,325
Others		3,683,875
	₱	**36,051,917**
Less: Allowance for uncollectible accounts		(2,101,065)
	₱	**33,950,852**

BASIC ENERGY CORPORATION AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
As of June 30, 2021

		Total	1 month	2-3 months	4-6 months	7 Months to 1 Year	1-2 Years	3-5 Years	5 Years and above
TRADE RECEIVABLES									
1)	₱	-	-	-	-	-	-	-	-
2)		-	-	-	-	-	-	-	-
3)		-	-	-	-	-	-	-	-
Total trade receivables	**₱**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Less: Allowance for doubtful accounts		-	-	-	-	-	-	-	-
Net trade receivables	**₱**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NON-TRADE RECEIVABLES									
1) Receivables from Panphil	₱	21,198,972				300	21,198,672		
2) Receivables from CSR		9,691,953			308,803		9,333,075	50,075	
3) Receivables from stockholders		413,544			8,213		14,007	391,324	
4) Receivables from Associates		-							
5) Accrued interest receivable		211,248	87,856	123,392					
6) Advances to officers/employees		852,325	710,267	142,058					
7) Others		3,683,875	500				1,083,000	30,312	2,570,063
Total non-trade receivables	**₱**	**36,051,917**	**798,623**	**265,450**	**317,016**	**300**	**31,628,754**	**471,711**	**2,570,063**
Less: Allowance for doubtful accounts		2,101,065	-	-	-	-	-	-	2,101,065
Net non-trade receivables	**₱**	**33,950,852**	**798,623**	**265,450**	**317,016**	**300**	**31,628,754**	**471,711**	**468,998**
NET RECEIVABLES	**₱**	**33,950,852**	**798,623**	**265,450**	**317,016**	**300**	**31,628,754**	**471,711**	**468,998**

BASIC ENERGY CORPORATION AND SUBSIDIARIES
SCHEDULE OF ACCOUNTS PAYABLE AND ACCRUED EXPENSES
As of June 30, 2021

Accounts Payables	₱	10,734,169
Accrued Expense Payables		4,898,125
SSS/Philhealth/HDMF/BIR Payables		600,561
Others		-
	₱	**16,232,855**

ADDITIONAL DISCLOSURES

Part I – Financial Information

Philippine Financial Reporting Standards. Notes to Interim Financial Statements: (SEC Memorandum Circular No. 6, Series of 2013)

Adoption of Amended PFRS

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

Amendments to References to the Conceptual Framework in PFRS – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.

Amendments to PFRS 3 - Definition of a Business – This amendment provides an improved definition of a "business" which emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. To be considered a business, 'an integrated set of activities and assets' must include, at a minimum, 'an input and a substantive process that together significantly contribute to the ability to create an output'.

The clarification is important because an acquirer may recognize goodwill (or a bargain purchase) when acquiring a business but not a group of assets. An optional simplified assessment (the concentration test) has been introduced to help companies determine whether an acquisition is of a business or a group of assets.

Amendments to PAS 1, Presentation of Financial Statements and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material – The amendments clarify the definition of "material" and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS.
Based on the new definition, an information is "material" if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

<u>Amended PFRS Issued but Not Yet Effective</u>

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

Effective January 1, 2022:

Amendments to PFRS 3, Reference to Conceptual Framework – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, Provisions, Contingent Liabilities and Contingent Assets, or IFRIC 21, Levies, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

Amendments to PAS 16, Property, Plant and Equipment - Proceeds Before Intended Use – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

Amendments to PAS 37, Onerous Contracts - Cost of Fulfilling a Contract – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

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

Effective January 1, 2023 -

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

Deferred effectivity -

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

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

Basis of Consolidation

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

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

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

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

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

If there is a loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests (NCI) and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. Any investment retained is recognized at fair value.

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

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

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

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

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

Financial Instruments

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

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

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

Financial Assets

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

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

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

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

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition, and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized, impaired and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting date. Otherwise, these are classified as noncurrent assets.

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

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

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

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

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

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

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

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

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

As at December 31, 2020 and 2019, the Group has quoted investments in equity securities which were irrevocably designated as financial assets at FVOCI.

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Financial Liabilities</u>

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

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

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

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

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

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

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

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

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

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

Offsetting of Financial Assets and Liabilities

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

Classification of Assets and Liabilities between Current and Noncurrent

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

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

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

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

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

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

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

Investments in Associates

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

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

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

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

Investment Properties

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

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

Transfer is made to investment properties only when there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party or ending of the construction or development. Transfer is made from investment properties only when there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sale.

An investment property is derecognized either when the asset has been disposed of or when the investment property has been permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Deferred Exploration and Evaluation Costs

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

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

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

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

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

Property and Equipment

Office condominium is accounted for using the revaluation model.

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

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

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

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

The initial cost of property and equipment consists of its purchase price after deducting trade discounts

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

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

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

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

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

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

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

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

<u>Other Nonfinancial Assets</u>

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

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

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

VAT. VAT is a tax on consumption levied on the sale, barter, exchange, or lease of goods or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services. Revenue, expenses, and assets are recognized net of the amount of VAT, except:

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

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

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

The useful life of an intangible asset arising from contractual or other legal rights should not exceed the period of those rights, but may be shorter depending on the period over which the intangible asset is expected to be used by the Group.

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

Impairment of Nonfinancial Assets

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

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

Equity

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

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

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

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

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

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

Revenue Recognition

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

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

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

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

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

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

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

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

Expense Recognition

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

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

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

Employee Benefits

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

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

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

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

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

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

Foreign Currency-Denominated Transactions

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

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

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

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

Income Taxes

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

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

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

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

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

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

Related Party Transactions

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

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

Segment Reporting

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

Provisions and Contingencies

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

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

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

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

Basic and Diluted Loss per Share

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

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

Events After the Reporting Date

Post year-end events that provide additional information about the Group's financial position at reporting date (adjusting events) are reflected in the consolidated financial statements.
Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Significant Judgments, Accounting Estimates and Assumptions

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

While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The accounting estimates and underlying assumptions are reviewed on an ongoing basis.
Revisions in accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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

Judgments

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

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

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

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

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

The Group's investments in associates amounted to P=123.4 million and P=198.6 million as at December 31, 2020 and 2019, respectively.

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

Deferred exploration and evaluation costs presented in the consolidated statement of financial position, amounted to P=6.0 million as at December 31, 2020 and 2019.

Accounting Estimates and Assumptions

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

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

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

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

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

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

In 2020, the Group recognized impairment on accounts receivable amounting to P=33,143. The Group wrote off receivables amounting to P=184,730 and P=3,932,648 in 2020 and 2019, respectively.

For cash in banks and cash equivalents, refundable deposit and debt instruments classified as financial assets at FVOCI, the Group assessed that the ECL is not material because the transactions with respect to these financial assets were entered only with banks and counterparties with good credit standing and relatively low risk of default. Accordingly, no provision for ECL on these financial assets was recognized in 2020 and 2019.

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

	2020	2019
Financial assets at amortized cost:		
Cash and cash equivalents*	Php73,786,392	Php106,840,948
Accounts and other receivables**	33,166,196	35,027,292
Refundable deposit	21,368,350	22,530,549

*Excluding cash on hand amounting to Php32,782 and Php25,392 as at December 31, 2020 and 2019, respectively.
**Excluding nonfinancial assets amounting to Php70,128 and Php106,863 as at December 31, 2020 and 2019, respectively.

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

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

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

	2020	2019
Property and equipment	Php1,046,996	Php1,332,445
Computer software	151,864	176,547

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

The Group's investment properties amounted to Php186.2 million and Php174.7 million as at December 31, 2020 and 2019, respectively. Fair value changes on investment properties amounted to Php11.5 million, Php13.8 million and Php21.4 million in 2020, 2019 and 2018, respectively.

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

The Group recognized provision for impairment of exploration and evaluation assets amounting to Php114.6 million and Php3.0 million in 2019 and 2018, respectively. Further, the Group wrote off deferred exploration costs amounting to Php327.4 million in 2019. The Group's deferred exploration and evaluation assets, net of allowance for impairment losses, amounted to Php6.0 million as at December 31, 2020 and 2019.

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

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

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

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

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

	2020	2019
Investment in associates	Php123,449,335	Php198,591,257
Other noncurrent assets	5,854,642	5,386,406
Other current assets	3,149,312	2,811,863
Property and equipment	1,046,996	1,332,455

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

Net retirement benefit liability amounted to Php5.8 million and Php14.3 million as at December 31, 2020 and 2019, respectively. Remeasurements losses on net retirement benefit liability (net of deferred tax) amounted to Php0.2 million, Php1.7 million and Php0.4 million in 2020, 2019 and 2018, respectively.

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

The Group's deductible temporary differences, carryforward benefits of NOLCO, and excess of MCIT over RCIT, for which deferred tax assets have not been recognized amounted to Php461.9 million and Php428.6 million as at December 31, 2020 and 2019. The management assessed that there may be no sufficient future taxable income against which benefits of the deferred tax assets can be utilized.