COVER SHEET

SEC Registration Number

4 0 0 5 8

COMPANY NAME

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

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

34th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City

Vicente O. Caoile, Jr.
(Contact Person)

8633-7631
(Company Telephone Number)

1 2	3 1
Month	*Day*

(Fiscal Year)

SEC FORM - 17 - A
(Form Type)

Month *Day*
(Annual Meeting)

Annual Report 2020

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

11,594
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

CERTIFICATION

I, Ma. Riana C. Infante, Chief Financial Officer, a duly representative of Oriental Petroleum and Minerals Corporation ('the Company') with SEC Registration No. 40058 with principal office at 34F Robinsons Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City, do hereby certify and state that:

1. In compliance with Securities and Exchange Commission (SEC) Memorandum Circular No. 3, series of 2021 and notice issued by the SEC on 17 March 2021, the Company is filing its 2020 SEC Form 17-A by sending the same (in PDF) through email to ictdsubmission@sec.gov.ph and by uploading the same through the PSE EDGE in accordance with the relevant PSE rules and procedures.

2. The information contained in the 2020 SEC Form 17-A is true and correct to the best of my knowledge.

3. I am executing this certification this April 23, 2021 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.

Ma. Riana C. Infante
Chief Financial Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended **December 31, 2020**

2. Commission identification number **40058**

3. BIR Tax Identification No. **000-483-747-000**

4. **ORIENTAL PETROLEUM AND MINERALS CORPORATION**
   Exact name of issuer as specified in its charter

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

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

7. **34th Floor, Robinsons Equitable Tower**
   ADB Avenue, Ortigas Center Pasig City **1600**
   Address of issuer's principal office Postal Code

8. **(632) 633-7631 locals 278 and 281**
   Issuer's telephone number, including area code

9. **Not Applicable**

   Former name, former address and formal 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
Common Stock, P0.01 par value	**200 Billion**

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

    Yes [**x**]   No [   ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange   **Class A and B**

12. Indicate by check mark whether the registrant:

    (a) Has filed 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 [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

    The aggregate market value of the voting stock held by non-affiliates is ₱1.51 billion.

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Oriental Petroleum and Minerals Corporation (OPMC) is a Philippine corporation incorporated on December 22, 1969 with the purpose of exploring, developing and producing petroleum and mineral resources in the Philippines. As an exploration company, OPMC's operational activities depend principally on its Service Contracts with the government.

The Company, together with other oil exploration companies (collectively referred to as "a or the Contractor"), entered into a Service Contract (SC) with the Philippine Government, through the Department of Energy (DOE), for the exploration, development and exploitation of certain contract areas situated in offshore Palawan where oil discoveries were made. The Company's petroleum revenues and production and related expenses are derived from SC 14 Contract Area. SC 14 is composed of four Blocks, Block - A (Nido), Block - B (Matinloc), Block - C (Galoc & West Linapacan) and Block - D. Of these areas, only West Linapacan and Block - D are the non-producing areas; West Linapacan is currently under evaluation for re-activation after it was shut-in in 1991 due to water intrusion. Block - D, on the other hand, is designated as the Retention Block.

Production Data for 2020 and 2019

Area	**Volume (in bbls.)**		**Average Selling Price (in US$/bbl.)**	
	2020	2019	**2020**	2019
Nido / Matinloc	–	22,192	–	64.00
Galoc	690,946	737,755	38.18	64.48

Production in the Nido and Matinloc oilfields was terminated permanently in March 2019 and seven production wells in Nido (3 out of 5), Matinloc (3), and North Matinloc (1) were successfully plugged and abandoned in May 2019. The plug and abandonment of the two remaining wells in Nido oilfield was completed in 2020.

Nido and Matinloc oilfields' combined production were sold and delivered to Pilipinas Shell. Production from Galoc were sold and delivered to various customers. Sale is effected through physical transfer of crude oil from offshore production site from storage and processing ship to oil tanker of the buyer. Galoc crude oil can be sold at a higher price as compared to Nido/Matinloc crude oil due to volume.

SCs and Geophysical Survey and Exploration Contracts (GSECs) are the principal properties of the Company and owned by the State.

The contractors are bound to comply in the work obligations provided in the contract with the DOE. They should provide at their own risk the financing, technology and services needed in the performance of their obligations. Failure to comply with their work obligations means that they should pay the government the amount they should have spent had they pushed through with their undertaking. Operating agreement among the participating companies governs their rights and obligations under the contract.

For the year ended December 31, 2020, the Company recorded total revenue from petroleum operations of US$1.28 million from its share in the Galoc operation. In 2019, the

Company recorded petroleum revenue of US$4.25 million; US$3.92 million came from its share in the Galoc operation.

As of December 31, 2020, OPMC has fifteen (15) employees, twelve (12) executives and three (3) rank and file personnel. The Company is not expecting any change in the number of employees it presently employs. The Company has not entered into any Collective Bargaining Agreements (CBA).

It is a common knowledge in the industry that the major risk involved in the business of oil exploration, such as OPMC, is in the success of exploration ventures. The ratio of successful exploration is estimated to be 1 out of every 400 wells explored. The Company together with its partners in the various SCs, conduct technical studies and evaluation of the areas believed to have oil reserves.

Another risk identified is when there is a decline in volume of oil and/or in oil price. The decline in production volume is a result of natural decline in the oil reserve while the decline in oil price is due to oversupply of oil in the common market. These risks are common for the industry the Company operates in.

Another risk involved in the business of oil exploration and production is the risk that accidents may occur during operations. The Company together with its partners in various SCs, continue to take precautionary measures to mitigate accidents, like oil spill. Platform personnel regularly attend safety trainings and seminars. Likewise, platforms are supplied with equipment like oil spill boom, in case oil spill happens. The Consortia, in which the Company is part of, maintain sufficient funds to cover emergencies and accidents, apart from the insurance coverage of each operation/platform.

The Company organized three (3) wholly-owned subsidiaries:

a) ORIENTAL MAHOGANY WOODWORKS, INC. (OMWI)

The Company was incorporated and started commercial operations on May 2, 1988 with the principal objective of supplying overseas manufacturers, importers and designers with high quality furniture.

On March 31, 1994, the Board of Directors approved the cessation of the Company's manufacturing operations effective May 1, 1994 due to continued operating losses. The management has no definite future plans for the Company's operations.

b) LINAPACAN OIL GAS AND POWER CORPORATION (LOGPOCOR)

The Company was incorporated on January 19, 1993 to engage in energy project and carry on and conduct the business relative to the exploration, extraction, production, transporting, marketing, utilization, conservation, stockpiling of any forms of energy products and resources. OPMC continues to recognize revenues arising from the operations of the assigned working interest. However, all related capitalizable expenses on such working interest continue to be capitalized to the Company's assigned costs of such working interest. On the other hand, depletion of such costs is transferred to OPMC and shown as a reduction of the assigned costs.

c) **ORIENTAL LAND CORPORATION (OLC)**

The Company was incorporated on February 24, 1989 as realty arm of OPMC. It has remained dormant since incorporation.

Item 2. Properties

The principal properties of the Company consist of petroleum exploration areas in the Philippines, onshore and offshore.

Listed below are OPMC's exploration undertakings through a consortium effort with the DOE.

CONTRACT	LOCATION	Expiration Date	OPMC Share (%)
SC 6 and 6B (Bonita and Cadlao)	NW Palawan	February 28, 2024	4.909
SC 14A (Nido)	NW Palawan	December 17, 2025	42.940
SC 14B (Matinloc)	NW Palawan	December 17, 2025	17.703
SC 14B1 (N. Matinloc)	NW Palawan	December 17, 2025	27.772
SC14C (West Linapacan)	NW Palawan	December 17, 2025	30.288
SC14C (Galoc)	NW Palawan	December 17, 2025	7.785
SC 14D	NW Palawan	December 17, 2025	20.829

Item 3. Legal Proceedings

None.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market Information

The principal market for OPMC's common equity is the Philippine Stock Exchange. Stock prices of the common stock are as follow:

STOCK PRICES (in pesos)	**CLASS A High**	**CLASS A Low**	**CLASS B High**	**CLASS B Low**
2021				
First Quarter	0.0370	0.0100	0.0350	0.010
2020				
First Quarter	0.0120	0.0080	0.0130	0.0080
Second Quarter	0.0087	0.0082	0.0100	0.0083
Third Quarter	0.0096	0.0080	0.0110	0.0070
Fourth Quarter	0.0150	0.0080	0.0140	0.0083
2019				
First Quarter	0.0140	0.0120	0.0140	0.0120
Second Quarter	0.0130	0.0110	0.0130	0.0110
Third Quarter	0.0130	0.0110	0.0130	0.0110
Fourth Quarter	0.0130	0.0110	0.0130	0.0110

VOLUME (in billion shares)	**CLASS A**	**CLASS B**
2021		
First Quarter	66.750	19.050
2020		
First Quarter	1.111	5.510
Second Quarter	0.723	0.326
Third Quarter	1.068	1.465
Fourth Quarter	8.750	14.766
2019		
First Quarter	2.709	11.051
Second Quarter	0.907	0.476
Third Quarter	1.068	8.378
Fourth Quarter	1.414	9.749

As of December 31, 2020, there are approximately **11,594** stockholders both for Class "A" and "B" shares.

List of Top 20 Stockholders as of December 31, 2020

	Name of Stockholders	Number of Shares Held	Percent to Total Outstanding
1.	PCD NOMINEE CORPORATION	81,581,640,968	40.79
2.	JG SUMMIT CAPITAL SERVICES CORP.	37,051,952,896	18.53
3.	R. COYIUTO SECURITIES, INC.	28,566,068,573	14.28
4.	PRUDENTIAL GUARANTEE & ASSURANCE, INC.	13,341,635,799	6.67
5.	JAMES L. GO	2,511,000,000	1.26
6.	PCD NOMINEE CORPORATION (NON-FILIPINO)	2,091,888,265	1.05
7.	J.G. SUMMIT HOLDINGS, INC.	1,756,248,841	0.88
8.	F & J PRINCE HOLDINGS CORP.	1,260,888,642	0.63
9.	PHIL. OVERSEAS TELECOMMUNICATIONS CORPORATION	1,129,545,907	0.57
10.	PHIL. COMMUNICATIONS SATELLITE CORP.	1,103,946,216	0.55
11.	PAULINO G. PE	935,000,000	0.47
12.	GIBRALTAR INTERNATIONAL HOLDINGS, INC.	832,833,547	0.42
13.	DAVID GO SECURITIES CORP.	698,083,201	0.35
14.	MARGARET S. CHUA CHIACO	663,400,000	0.33
15.	TIONG KENG CHING	622,512,998	0.31
16.	VICTORIA DUCA	611,236,533	0.31
17.	ROBERT COYIUTO, JR.	565,664,986	0.28
18.	JAMES UY, INC.	471,843,600	0.24
19.	ERNESSON S. CHUA CHIACO	441,600,000	0.22
20.	GENEVIEVE S. CHUA CHIACO	441,600,000	0.22
		176,678,590,972	88.34
	OTHERS	23,321,409,028	11.66
	TOTAL	**200,000,000,000**	**100.00**

Description of Registrant's Securities

Common Stock - all shares of stock of the Company enjoy the same rights and privileges, except that Class A shares shall be issued solely to Filipino citizens, whereas Class B shares can be issued to Filipino citizens or foreigners.

Recent Sales of Unregistered or Exempt Securities Including Recent Issuance of Securities Constituting an Exempt Transaction

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction. All shares of the Company are listed on the Philippine Stock Exchange.

Dividends

On June 25, 2020, the Board of Directors of the Company approved the declaration of a cash dividend in the amount of PhP 0.0005 per share or a total of PhP 100 million ($2.00 million) from the Company's unrestricted retained earnings as of December 31, 2019 to all stockholders of record as of July 24, 2020 and payable on August 18, 2020.

On June 27, 2019, the Board of Directors of the Company approved the declaration of a cash dividend in the amount of PhP 0.0005 per share or a total of PhP 100 million ($1.94 million) from the Company's unrestricted retained earnings as of December 31, 2018 to all stockholders of record as of July 26, 2019 and payable on August 20, 2019.

The Company has not declared any cash or stock dividends in 2018.

Item 6. Management's Discussion and Analysis or Plan of Operations

Galoc Field's production for 2020 was 690,946 barrels which was 6% lower than the total production of 737,755 barrels in 2019. The decline in barrels of oil in Galoc operation was caused by the decline in production performance of Galoc well-3 and continued shut-in of Galoc well-4 due to problems in the well's subsurface production mechanism. Production operations continued under a new contract with a new Floating Production Storage and Offloading (FPSO) operator.

The combined crude oil production from the Nido and Matinloc Fields in 2019 totaled 22,192 barrels. Production in the Nido and Matinloc fields was terminated permanently in March 2019 and seven production wells in Nido (3 out of 5), Matinloc (3), and North Matinloc (1) were successfully plugged and abandoned in May 2019. The plug and abandonment of the two remaining wells was completed in 2020.

The Company does not expect any significant change in the number of its employees for the next twelve (12) months.

Results of Operations

__2020 vs. 2019__

Revenue from petroleum operations in 2020, which amounted to US$1.28 million, decreased by 70% from US$4.25 million in 2019. The intense downswing in crude oil prices mainly led to the decrease of petroleum revenue.

Average price per barrel dropped to US$38.18 in 2020 as compared to US$64.48 in 2019 for Galoc operations. The decline in oil price was mainly due to the oversupply of oil in the world market given COVID-19 pandemic. Further, the decline in petroleum revenue was also affected by the decline in production performance of Galoc well-3 and continued shut-in of Galoc well-4 due to problems in the well's subsurface production mechanism. In addition, Nido and Matinloc Field was terminated permanently in March 2019.

Petroleum production costs in 2020, which totaled US$1.68 million, decreased by 63% from US$4.60 million in 2019. The decrease was due to lower cost of petroleum production in Galoc Block. These costs mainly include floating, production, storage and offloading (FPSO) charges, field/platform operation costs, management and technical fees, helicopter services, insurance expenses, marketing fees, repairs and maintenance and other general and administrative expenses of the consortia. In March 2019, production in the Nido and Matinloc fields was terminated permanently. These costs also include plug and abandon costs which amounted to US$0.13 million and US$1.36 million in 2020 and 2019, respectively.

Depletion, depreciation and amortization decreased by 52% due to decrease in volume of crude oil production. In 2019, remaining crude oil reserve of Nido Field was fully depleted.

Interest, dividend and other income reached US$3.92 million in 2020, an increase of 5% from US$3.72 million in 2019 arising from interest received from investment in equity instruments at fair value through other comprehensive income, debt instruments at amortized cost and money market placements. Other income includes a refund from standby letter of credit offset against cash call of US$0.13 million in 2020 and a gain on reversal of long-outstanding payable of US$0.25 million in 2019.

2019 vs. 2018

Revenue from petroleum operations in 2019, which amounted to US$4.25 million, decreased by 45% from US$7.69 million in 2018. Petroleum revenue from the Galoc operations amounted to US$3.92 million, which comprised 92% of the total revenue, in 2019 and US$6.52 million, which comprised 85% of the total revenue, in 2018. Revenue from Nido/Matinloc operations amounted to US$0.33 million in 2019 as compared to US$1.17 million in 2018.

The decline in crude oil production volume and drop of average crude oil prices led to the decrease of petroleum revenue. Total crude oil production volume declined by 35% from 1.16 million barrels in 2018 to 0.76 million barrels in 2019. The decline in barrels of oil in Galoc operation was caused by the decline in production performance of Galoc well-3 and continued shut-in of Galoc well-4 due to problems in the well's subsurface production mechanism. Further, production in the Nido and Matinloc fields was terminated permanently in March 2019 and seven production wells in Nido (3 out of 5), Matinloc (3), and North Matinloc (1) were successfully plugged and abandoned in May 2019.

Further, average price per barrel dropped to US$64.48 in 2019 as compared to US$74.21 in 2018 for Galoc operations. For Nido/Matinloc operations, average price per barrel decreased to US$64.00 in 2019 as compared to US$68.00 in 2018. The decline in oil price was mainly due to oversupply of oil in the world market.

Petroleum production costs in 2019, which totaled US$4.60 million, decreased by 39% or US$2.91 million. These costs mainly include floating, production, storage and offloading (FPSO) charges, field/platform operation costs, management and technical fees, helicopter services, insurance expenses, marketing fees, repairs and maintenance and other general and administrative expenses of the consortia. In 2019, estimated costs to plug and abandon the remaining 2 wells in Nido oilfield amounted to $0.82 million. In 2018, actual costs were incurred to plug and abandon wells from Libro and Tara oilfields amounting to $0.79 million. Further, in 2018, estimated costs to plug and abandon wells from Nido, Matinloc and North Matinloc Oilfields amounted to $2.06 million.

Despite decrease in volume of crude oil production, depletion and depreciation increased by 39% due to the recognition of unamortized / undepleted costs of plugged and abandoned wells.

Interest and other income reached US$3.72 million in 2019, an increase of 38% from US$2.70 million in 2018 arising from interest received from investment in equity instruments at fair value through other comprehensive income, debt instruments at amortized cost, and short-term and long-term deposits and gain on reversal of long-outstanding payables.

2018 vs. 2017

Revenue from petroleum operations in 2018, which amounted to US$7.69 million, increased by 1% from US$7.64 million in 2017. Petroleum revenue from the Galoc operations, which comprised 85% of the total revenue, amounted to US$6.52 million in 2018 and 2017. Revenue from Nido/Matinloc operations, representing the remaining 15% of the total revenue, amounted to US$1.17 million in 2018 as compared to US$1.12 million in 2017.

Despite the decrease in crude oil production volume, petroleum revenue increased because of increase in average crude oil prices. Total crude oil production volume decreased by 24% from 1.53 million barrels in 2017 to 1.16 million barrels in 2018. However, average price per barrel increased to US$74.21 in 2018 as compared to US$54.97 in 2017 for Galoc operations. For Nido/Matinloc operations, average price per barrel increased to US$68.00 in 2018 as compared to US$53.04 in 2017.

Petroleum production costs in 2018, which totaled US$7.52 million, increased by 45% or US$2.33 million. These costs mainly include floating, production, storage and offloading (FPSO) charges, field/platform operation costs, management and technical fees, helicopter services, insurance expenses, marketing fees, repairs and maintenance and other general and administrative expenses of the consortia. In 2018, actual costs were incurred to plug and abandon wells from Libro and Tara oilfields amounting to $0.79 million. Also, in 2018, estimated costs to plug and abandon wells from Nido, Matinloc and North Matinloc Oilfields amounted to $2.06 million.

Depletion and depreciation decreased by 29% due to the decrease in volume of crude oil production.

Interest and other income reached US$2.70 million in 2018, an increase of 16% from US$2.32 million in 2017 arising from investment in preferred shares, bonds, and short-term and long-term deposits.

Financial Position

2020

The Company's consolidated assets at the end of 2020, which amounted to US$96.45 million, is 3% higher than last year's US$93.41 million due to the following movements:

In 2020, cash and cash equivalents account amounted to US$15.30 million, as compared to US$17.89 million in 2019. The decrease of 14% was mainly due to payment of share in the plug and abandonment costs of Nido wells, share in operating expenses pertaining to Galoc cash calls and acquisition of additional equity instruments at fair value through other comprehensive income.

Receivable at the end of 2020 totaled US$1.56 million, an increase from last year's US$0.98 million. This account mainly represents the Company's share in the funds from crude oil produced and delivered during the last month of the year held in trust by the operator, Galoc Production Company for the SC 14C Consortium. Also, this account consists of accrued interest and dividend receivable.

Crude oil inventory amounted to US$0.25 million, a decrease of 63% from last year's US$0.67 million. This represents the Company's share in the crude oil already produced and in storage but has yet to be delivered to the customers. The decrease was mainly due to lower crude oil volume in tank and storage in 2020 as compared to 2019.

Equity instruments at fair value through other comprehensive income amounted to US$36.99 million at the end of 2020, higher than last year's US$31.08 million attributable to additional investments in preferred shares, adjusted by changes in the market value of investments and foreign currency rates.

Consolidated property and equipment at the end of 2020 amounted to US$12.65 million. The decrease was mainly due to depletion and depreciation expenses.

Accounts and other payables at the end of the year amounted to US$0.44 million, lower than last year's US$0.83 million due to payment of 2019 billed floating, production, storage and offloading rate charges.

Provision for plug and abandonment costs at the end of the year amounted to nil against last year's US$0.82 million. This was due to full payment of share in costs to plug and abandon 2 remaining wells in SC 14A Nido oilfield.

2019

The Company's consolidated assets at the end of 2019, which amounted to US$93.41 million, is 1% higher than last year's US$92.29 million due to the following movements:

In 2019, cash and cash equivalents account amounted to US$17.89 million, as compared to US$10.52 million in 2018. The increase of 70% was mainly due to investment of proceeds from the maturity of current portion of long-term investment to time deposits, decreased by the acquisition of additional equity instruments at fair value through other comprehensive income and debt instruments at amortized cost.

Receivable at the end of 2019 totaled US$0.98 million, an increase of 1% from last year's US$0.97 million. This account mainly represents the Company's share in the funds from crude oil produced and delivered during the last month of the year held in trust by the operator, Galoc Production Company for the SC 14C Consortium. Also, this account consists of accrued interest and dividend receivable.

Crude oil inventory amounted to US$0.67 million, a decrease of 62% from last year's US$1.77 million. This represents the Company's share in the crude oil already produced and in storage but has yet to be delivered to the customers. The decrease was mainly due to lower crude oil volume in tank and storage in 2019 as compared to 2018.

Equity instruments at fair value through other comprehensive income amounted to US$31.08 million at the end of 2019, higher than last year's US$11.64 million attributable to additional investments in preferred shares.

Debt instruments at amortized cost totaled US$27.29 million at the end of 2019, higher than last year's US$12.99 million due to additional acquisition of bonds.

Consolidated property and equipment at the end of 2019 amounted to US$13.33 million. The decrease was mainly due to depletion and depreciation expenses.

Accounts and other payables at the end of the year amounted to US$0.83 million, higher than last year's US$0.50 million due to billed floating, production, storage and offloading rate charges, partially offset by reversal of long-outstanding payables.

Provision for plug and abandonment costs at the end of the year amounted to US$0.82 million which pertains to estimated costs to plug and abandon 2 remaining wells in SC 14A Nido oilfield.

2018

The Company's consolidated assets at the end of 2018, which amounted to US$92.29 million, is slightly higher than last year's US$92.11 million due to the following movements:

In 2018, cash and cash equivalents account amounted to US$10.52 million, as compared to US$5.41 million in 2017. The increase of 94% was mainly due to reclassification of investment in time deposit from short-term investment account to cash and cash equivalents, partially decreased by the acquisition of additional bonds.

Receivable at the end of 2018 totaled US$0.97 million, a decrease of 6% from last year's US$1.03 million. This account mainly represents the Company's share in the funds from crude oil produced and delivered during the last month of the period held in trust by the operators, The Philodrill Corporation and Galoc Production Company for the SC 14A & B and SC 14C Consortia, respectively. Also, this account consists of accrued interest and dividend receivable.

Crude oil inventory amounted to US$1.77 million, an increase of 21% from last year's US$1.46 million. This represents the Company's share in the crude oil already produced and in storage but has yet to be delivered to the customers. The increase was mainly due to higher crude oil volume in tank and storage in 2018 as compared to 2017.

Starting 2018, available-for-sale investments are presented as financial assets at fair value through other comprehensive income according to PFRS 9, *Financial Instruments*. Equity instruments at fair value through other comprehensive income amounted to US$11.64 million at the end of 2018.

Starting 2018, held-to-maturity investments are presented as financial assets at amortized cost according to PFRS 9, *Financial Instruments*. Debt instruments at amortized cost totaled US$12.99 million at the end of 2018.

Consolidated property and equipment at the end of 2018 amounted to US$13.72 million. The decrease of 7% was mainly due to depletion and depreciation expenses.

Accounts and other payables at the end of the year amounted to US$0.50 million. Income tax payable increased by US$0.05 million from 2017 due to higher income tax liability for the year partially offset by payment of income tax.

Provision for plug and abandonment costs at the end of the year amounted to US$2.06 million which pertains to estimated costs to plug and abandon wells in SC 14A, B and B1 - Nido, Matinloc and North Matinloc oilfields.

The causes for material changes of December 31, 2020 figures as compared to December 31, 2019 figures of the following accounts are:

Accounts	December 31, 2020	December 31, 2019	Change	%	Remarks
Financial Position					
Cash and cash equivalents	$15,298,829	$17,887,849	($2,589,020)	(14%)	Decrease was due to payment of share in the plug and abandonment costs of Nido wells, share in operating expenses pertaining to Galoc cash calls and acquisition of additional equity instruments at fair value through other comprehensive income.
Receivables	1,564,241	982,492	581,749	6%	This account mainly represents the Company's share in the funds from crude oil produced and delivered during the last month of the year held in trust by the operators. Also, this account consists of accrued interest and dividend receivable.
Crude oil inventory	249,867	668,147	(418,280)	(63%)	Decrease was mainly due to lower crude oil volume in tank and storage in 2020 as compared to 2019.
Equity instrument at fair value through other comprehensive income	36,986,361	31,080,859	5,905,502	19%	Increase was due to additional investments in preferred shares during the year, , adjusted by changes in the market value of investments and foreign currency rates.
Property and equipment	12,645,633	13,325,876	(680,243)	(5%)	Decrease was mainly due to depletion and depreciation expenses.
Accounts and other payables	443,022	825,770	(382,748)	(46%)	Decrease was mainly due to payment of 2019 billed floating, production, storage and offloading rate charges.
Provision for plug and abandonment	–	817,011	(817,011)	(100%)	Decrease was due to full payment of share in costs to plug and abandon 2 remaining wells in SC 14A Nido oilfield.

Accounts	December 31, 2020	December 31, 2019	Change	%	Remarks
Income Statement					
Revenue from petroleum operations	1,277,272	4,248,325	(2,971,053)	(70%)	The intense downswing in crude oil prices mainly led to the decrease of petroleum revenue.
Petroleum production costs	1,677,971	4,603,816	(2,925,845)	(63%)	The decrease was due to lower cost of petroleum production in Galoc Block. These costs mainly include floating, production, storage and offloading (FPSO) charges, field/platform operation costs and management and technical fees of the consortia. In March 2019, production in the Nido and Matinloc fields was terminated permanently.
Depletion and depreciation	719,705	1,503,280	(783,575)	(52%)	Decrease was due to decrease in volume of crude oil production. In 2019, remaining crude oil reserve of Nido Field was fully depleted.
Interest, dividend and other income	3,917,267	3,716,445	200,822	5%	Increase was due to interest received from investment in equity instruments at fair value through other comprehensive income, debt instruments at amortized cost and money market placements. Other income includes a refund from standby letter of credit offset against cash call in 2020 and a gain on reversal of long-outstanding payable in 2019.

Key Performance Indicators

	2020	2019
Current Ratio	**40.98:1**	12.81:1
Acid Test Ratio	**40.40:1**	12.41:1
Debt-to-Equity Ratio	**Not Applicable**	Not Applicable
Asset-to-Equity Ratio	**1.03:1**	1.03:1
Interest Rate Coverage	**Not Applicable**	Not Applicable
Return on Equity	**2.66%**	2.56%
Return on Assets	**2.70%**	2.60%
Net Profit Margin	**195.37%**	54.87%
Net Working Capital Ratio	**0.18:1**	0.21:1

Figures are based on Audited Financial Statements

Current ratios are computed by dividing current assets over current liabilities. Acid test ratios are computed by dividing current assets less inventory and prepayments over current liabilities. Percentage of debt to equity resulted from dividing total borrowings (short-term & long-term borrowings) over stockholder's equity. Percentage of asset to equity resulted from dividing total assets over total stockholder's equity. Return on equity percentage pertains to net income over average total stockholder's equity while return on assets percentage is computed by dividing net income over average total assets. Net profit margins are computed by dividing net income over total revenues. Net working capital ratios are derived at by getting the difference of current assets and current liabilities divided by total assets.

I. The Company has no knowledge of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

III. There are no significant Capital expenditures during the reporting period.

IV. There are no significant elements of income or loss that did not arise from the Company's continuing operations.

V. There are no seasonal aspects that had a material effect on the Company's financial condition or results of operation.

Item 7. Financial Statements

The Audited Consolidated Financial Statements and Schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

8.1 Information on Independent Accountant

The Company's independent public accountant is the accounting firm of Sycip Gorres Velayo & Co. The current handling partner of SGV & Co. has been engaged by the Company in 2018 and is expected to be rotated every five (5) years.

8.2 External Audit Fees and Services

a. Audit and Audit-Related Fees

   Our external auditor, SGV & Co. has billed the Company a total audit fee of US$18,716 for the last two (2) fiscal years, 2020 and 2019, for the audit of the Company's annual financial statements in connection with statutory and regulatory filings for the last two (2) fiscal years.

   Aside from the abovementioned service by the external auditor, there had been no other services that was requested from and performed by the external auditor.

b. Tax Fees

   The Company had not contracted the external auditor for services related to tax accounting, compliance, advice, planning and any other form of tax services for the last two (2) fiscal years.

c. All Other Fees

   The Company had not contracted the external auditor for product and services other than the services reported under items (a) and (b) above for the last two (2) fiscal years.

d. The audit committee's approval policies and procedures for the above services

   The stockholders of the Company elect the external auditor during the Annual Stockholders Meeting. The audit committee evaluates and approves audit plans, programs, scope and frequency submitted by the external auditor.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

The names and ages of directors and executive officers of the Company are as follows:

Directors

Directors	Name	Age	Citizenship
Director, Chairman and Chief Executive Officer	James L. Go	81	Filipino
Director, President and Chief Operating Officer	Robert Coyiuto, Jr.	69	Filipino
Director	Lance Y. Gokongwei	54	Filipino
Independent Director	Antonio L. Go	80	Filipino
Director	Benedicto Coyiuto	42	Filipino
Director	Josephine Barcelon	61	Filipino
Director	James Coyiuto	67	Filipino
Independent Director	Ricardo Balbido, Jr.	70	Filipino
Director	J.V. Emmanuel A. De Dios	56	Filipino
Director	Brian M. Go	47	Filipino
Director, Assistant Corporate Secretary	Perry L. Pe	59	Filipino

Executive Officers

Position	Name	Age	Citizenship
SVP - Operations and Administration and Corporate Information Officer	Apollo P. Madrid	80	Filipino
Finance Adviser	Aldrich T. Javellana	47	Filipino
Chief Financial Officer and Compliance Officer	Ma. Riana Infante	41	Filipino
Treasurer	Teodora N. Santiago	54	Filipino
Corporate Secretary	Vicente O. Caoile, Jr.	48	Filipino
Assistant Corporate Secretary	Rosalinda F. Rivera	50	Filipino

The Directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of the Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until successor shall have been elected, appointed or shall have qualified.

The following directors of the Corporation are expected to be nominated by management for re-election / election this year.

The independent directors of the Company are elected according to SRC Rule 38 – *Independent Directors.*

A brief discussion of the directors' and executive officers' business experience and other directorships held in other reporting companies are as follows:

James L. Go, 81, is the Chairman and Chief Executive Officer of OPMC. He is likewise the Chairman of JG Summit Holdings, Inc. and Cebu Air, Inc. He is the Chairman Emeritus of Universal Robina Corporation, Robinsons Land Corporation, JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is the Vice Chairman of Robinsons Retail Holdings, Inc. and a Director of Meralco Powergen Corporation. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. He has been a director of the PLDT Inc. (PLDT) since November 3, 2011. He is a member of the Technology Strategy and Risk Committees and Advisor of the Audit Committee of the Board of Directors of PLDT. He was elected a director of Manila Electric Company on December 16, 2013. Mr. James L. Go received his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA.

Robert Coyiuto, Jr., 69**,** is the President, Chief Operating Officer and Director of the Company. He is also the Chairman of the Board and Chief Executive Officer of Prudential Guarantee & Assurance, Inc. and PGA Sompo Japan Insurance, Inc. and the Chairman of the Board of Hyundai North Edsa, and the Sole Importer and Distributor of Audi, Porsche, Lamborghini and Bentley. He holds the positions of Chairman and President of Calaca High Power Corporation and Pacifica 21 Holdings, Inc., Vice Chairman of National Grid Corporation of the Philippines, and First Life Financial Co., Inc., Director of Petrogen Insurance Corporation, and Director of Canon (Philippines) Inc. He is a Nominee of R. Coyiuto Securities, Inc. He has a Bachelor of Science degree in Commerce from the San Beda College.

Lance Y. Gokongwei, 54, has been a Director of the Company since 1994. He is the President and Chief Executive Officer of JG Summit Holdings, Inc. He is the Chairman of Robinsons Retail Holdings, Inc., Universal Robina Corporation, Robinsons Land Corporation, Altus Property Ventures, Inc., JG Summit Petrochemical Corporation, JG Summit Olefins Corporation and Robinsons Bank Corporation. He is also the President and Chief Executive Officer of Cebu Air, Inc. He is a director and Vice Chairman of Manila Electric Company and is a Director of United Industrial Corporation Limited and Meralco Powergen Corporation. He is a member of the Board of Global Reporting Initiative. He is a trustee and chairman of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

Antonio L. Go, 80, was elected as an Independent Director of the Company since 2007. He is also an Independent Director of JG Summit Holdings, Inc. He currently serves as Director of Equitable Computer Services, Inc. and is the Chairman of Equicom Savings Bank and ALGO Leasing and Finance Inc and My Health Ventures Corporation. He is also the Vice Chairman of Maxicare Healthcare Corporation. He is also a Director of Medilink Network, Inc., Equicom Manila Holdings, Equicom Inc., Equitable Development Corporation, United Industrial Corporation Limited Singapore, T32 Dental Centre Singapore, Dental Implant and Maxillofacial Centre Hong Kong, Pin-An Holdings, Inc., Equicom Information Technology, Robinsons Retail Holdings, Inc., Cebu Air, Inc. and Steel Asia Manufacturing Corporation. He is a Non-Executive Officer of Dito Telecommunity Corporation. He is also a Trustee of Go Kim Pah Foundation, Equitable Foundation, Inc., and Gokongwei Brothers Foundation, Inc. He graduated from Youngstown University, United States with a Bachelor Science Degree in Business Administration. He attended the International Advance Management program at the International Management Institute, Geneva, Switzerland as well as the Financial Planning/Control program at the ABA National School of Bankcard Management, Northwestern University, United States.

Benedicto Coyiuto, 42, was elected Director of the Company during the last Annual Stockholders' Meeting held on June 27, 2013. He is also a Director of Manila Polo Club. He is the Audi Philippines Head of PGA Cars, Inc. and Executive Assistant for General Affairs of PGA Sompo Japan Insurance, Inc. He is the son of Mr. Robert Coyiuto, Jr.

Josephine V. Barcelon, 61, was elected Director during the meeting of June 25, 2014. She is the President / Nominee of J.M. Barcelon & Co., Inc., Stockbroker, Member: Philippine Stock Exchange and CEO of the Barcelon Group of Companies.

James Coyiuto*,* 67, was elected as Director of the Company since 2005. He is also the Director of Prudential Guarantee and Assurance, Inc., Guarantee Development Corporation and PGA, Sompo Japan Insurance Inc.

Ricardo Balbido, Jr., 70, has been elected as an Independent Director of the Company in 2005. He is presently the Chairman of the Board of Trustees of Silliman University. Currently, he is doing financial consultancy after retirement from his various banking stint as former President and CEO of Philippine Veterans Bank, former President and COO of Dao Heng Bank, Inc., former Senior Vice President of Bank of the Philippine Islands. He was also former President of the Philippine Clearing House Corporation, and Director of Bankers Association of the Philippines. Mr. Balbido received his degree in Bachelor of Science in Business Administration Major in Accounting from Silliman University and is a Certified Public Accountant. He earned full academics in Master in Business Administration from Ateneo de Manila University. He took advance studies in business leadership & management through the Advance Bank Management Program of the Asian Institute of Management.

J.V. Emmanuel A. De Dios, 56*,* has been elected as a Director of the Company in 2020. He is presently the Chief Executive Officer of Prime Metro BMD Corp. Prior to joining Prime Metro BMD, he was CEO of GE Philippines for over eight years. He also managed GE's Government Affairs team for Asia Pacific. He was also Managing Director for Nido Petroleum Ltd from 2008-2012. He previously served as Undersecretary of the Department of Energy for three years where he headed the Planning and Downstream Oil Bureaus, and then Chairman of the PNOC Exploration Corp. He is a lawyer by training, having graduated from the Ateneo School of Law in 1990 for his Bachelor's of Law degree and Harvard Law School for his Master of Laws degree in 1994. He also sits on the boards of Phoenix Petroleum Philippines Corp and is an active mentor in Endeavor Philippines.

Brian M. Go, *47,* has been elected as a Director of the Company in 2020. He is presently the Deputy Chief Financial Officer of JG Summit Holdings, Inc, Vice President - Global Exports & Corporate New Ventures of Universal Robina Corporation and Managing Director of JG Digital Capital Pte. Ltd. He is also a director for JG Summit Petrochemical Corporation and a member of the Senior Advisory Board of Robinsons Bank. He started his career in New York City with Booz Allen Hamilton in 1996, in the Financial Services practice. He returned to Manila in 1998, starting at Digitel/Sun Cellular, a telecom company, and subsidiary of JG Summit Holdings, handling Corporate Planning, and eventually becoming Managing Director of the datacom business. He moved to China in 2003, initially serving as Finance Director for the food and real estate operations of the family business in China. In late 2007, he assumed the General Manager role for the food business (URC China), while concurrently taking on the CFO role for the real estate business (Ding Feng Real Estate). After relocating to Singapore, he took on the role of General Manager for the URC Malaysia and Singapore subsidiaries of URC from 2015-2018. He graduated from Harvard College in 1996. He completed the Executive MBA program at Kellogg-HKUST in Hong Kong in 2007 and is a CFA Charterholder, having passed the CFA Level III Exam in 2013.

Perry L. Pe*,* 59, has been the Assistant Corporate Secretary of the Company since 1994. He has been a Director since 1995. He is also the Corporate Secretary of SIAEP and A-Plus; Senior Partner of Romulo, Mabanta, Buenaventura, Sayoc, and Delos Angeles Law Office; Director of Delphi Group, Ace Saatchi Saatchi, AG & P Philippines, Inc., Island Quarry and Aggregate Corporation, Apo Land and Quarry Corporation. Honorary Consul General of Denmark to the Philippines.

Apollo P. Madrid, 80, has been the Senior Vice President - Operations and Administration of the Company since 1990.

Aldrich T. Javellana, 47, was appointed Finance Adviser of the Company in February 16, 2016. He is Senior Vice President and Treasurer of JG Summit Holdings, Inc. Prior to joining JGSHI in 2003, he worked in Corporate Finance with CLSA Exchange Capital. He graduated from De La Salle University with a degree in BS Accountancy and is a Certified Public Accountant.

Ma. Riana C. Infante, 41, was appointed Chief Financial Officer and Compliance Officer of the Company effective February 16, 2016. She joined OPMC in 2004 as an Accounting Manager. She is a Certified Public Accountant.

Teodora N. Santiago, 54, was appointed Treasurer of the Company effective September 20, 2019. She is also currently a Finance Manager under Corporate Finance of JG Summit Holdings Inc. Prior to joining JGSHI in 2005, she worked as Treasury Manager in Astoria Group and Treasury Admin Manager in Del Monte Fresh Produce Phils., Inc. She graduated from University of Santo Tomas with a degree in BS Accountancy.

Vicente O. Caoile, Jr., 48, was appointed as the Corporate Secretary of the Company effective October 1, 2018. He is the Managing Partner of Adarlo Caoile & Associates Law Offices (ACALaw). He is also the Assistant Corporate Secretary of PGA Cars, Inc., PGA Automobile, Inc., Autoextreme Performance, Inc., and Automaxx Resources, Inc. He holds a Juris Doctor, second honors, from Ateneo de Manila University and Bachelor of Science in Commerce, Major in Legal Management from De La Salle University Manila.

Rosalinda F. Rivera, 50, was appointed as the Assistant Corporate Secretary of the Company effective October 1, 2018. She is presently the Corporate Secretary of Robinsons Retail Holdings, Inc. She was the Corporate Secretary of JG Summit Holdings, Inc., Universal Robina Corporation and Robinsons Land Corporation from 2003 up to 2020. Prior to joining the JG Group in 2002, she was a Senior Associate at Puno and Puno Law Offices. She received a degree of Juris Doctor from the Ateneo de Manila University School of Law and a Masters of Law in International Banking from the Boston University School of Law.

The Company's independent directors are Messrs. Ricardo Balbido, Jr. and Antonio Go. They have possessed the qualifications of independent directors as set forth in the SRC Rule 38 – Independent Director, since the time of their initial election.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

None of the directors and officers has been involved in any bankruptcy proceeding in the past five (5) years nor have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limited their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court of administrative bodies to have violated a securities or commodities law.

Significant Employees

There are no persons who are not executive officers of the Corporation who are expected by the Corporation to make significant contribution to the business.

Item 10. Executive Compensation

The following tables list the names of the Corporation's Chief Executive Officers and the four (4) most highly compensated executive officers for the two (2) most recent fiscal years and the ensuing year:

Name	Position	**Projected - Year 2021** (in '000 US$)		
		Salary	Other Compensation & Bonus	Total
a) CEO & Four (4) most highly compensated executive officers		US$309.82	US$−	US$309.82
James L. Go	Chairman and CEO			
Robert Coyiuto, Jr.	President and COO			
Apollo P. Madrid	SVP – Operations and Administration			
Aldrich T. Javellana	Finance Adviser			
Ma. Riana C. Infante	Chief Financial Officer and Compliance Officer			
b) All officers as a group		US$426.38	US$−	US$426.38

Name	Position	Actual - Year 2020 (in '000 US$)		
		Salary	Other Compensation & Bonus	Total
a) CEO & Four (4) most highly compensated executive officers		US$293.12	US$–	US$293.12
James L. Go	Chairman and CEO			
Robert Coyiuto, Jr.	President and COO			
Apollo P. Madrid	SVP – Operations and Administration			
Aldrich T. Javellana	Finance Adviser			
Ma. Riana C. Infante	Chief Financial Officer and Compliance Officer			
b) All officers as a group		US$403.39	US$–	US$403.39

Name	Position	Actual - Year 2019 (in '000 US$)		
		Salary	Other Compensation & Bonus	Total
a) CEO & Four (4) most highly compensated executive officers		US$264.05	US$–	US$264.05
James L. Go	Chairman and CEO			
Robert Coyiuto, Jr.	President and COO			
Apollo P. Madrid	SVP – Operations and Administration			
Aldrich T. Javellana	Finance Adviser			
Ma. Riana C. Infante	Chief Financial Officer and Compliance Officer			
b) All officers as a group		US$440.18	US$–	US$440.18

Compensation of Directors

For 2020, the Company paid a total of US$17,781 to its Directors.

Standard Arrangements

There are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as director for the last completed fiscal year and ensuing year.

Other Arrangements

There are no other arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as director for the last completed fiscal year and ensuing year.

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

There are no employment contracts between the registrant and any of its executive officer.

There are no compensatory plan or arrangement, including payments to be received from the registrant, with respect to any executive officer, if such plan or arrangement results or will result from the resignation, retirement or any other termination of such executive officer's employment with the registrant and its subsidiaries or from a change in control of the registrant or a change in any executive officer's responsibilities following a change in control and the amount involved, including all periodic payments or installments, which exceeds P2,500,000.

Item 11. Security Ownership of Certain Record and Beneficial Owners

Owners of more than 5% of the Company's securities as of December 31, 2020 were as follows:

Class	Name and Address Record/ Beneficial Owner	Amount and Nature of Ownership (Record and/or beneficial ownership)		Citizenship	% to Total
Common	PCD Nominee Corporation[a] Old Makati Stock Exchange Bldg. Ayala Avenue, Makati City	81,581,640,968	Record	Filipino	40.79%
Common	JG Summit Capital Services Corp[b] 43rd Floor, Robinsons-PCI Bank, ADB Ave., corner Poveda Rd. Ortigas Center Pasig City	37,051,952,896	Record	Filipino	18.53%
Common	R. Coyiuto Securities, Inc.[c] 5th Flr., Corinthian Plaza Paseo de Roxas, Makati City	28,566,068,573	Record	Filipino	14.28%
Common	Prudential Guarantee & Assurance Inc. [d] 119C Palanca St. Legaspi Village, Makati City	13,341,635,799	Record	Filipino	6.67%

Notes:

a. PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCDI"), is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCDI's participants, who hold the shares on their behalf, and their clients. PCDI is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

b. JG Summit Capital Services Corp (formerly Consolidated Robina Capital Corporation) is a 100% subsidiary of JG Summit Holdings, Inc. OPMC and JGSHI share the following common directors: Mr. James L. Go and Mr. Lance Gokongwei.
   - Any one of the following directors of the Company is authorized to vote: Messrs., James Go, Lance Gokongwei.
   - Indirect ownership of Mr. James Go is 2 shares and Mr. Lance Gokongwei is 3 shares.

c. R. Coyiuto Securities, Inc. is majority-owned by Mrs. Rosie Coyiuto, wife of Mr. Robert Coyiuto, Jr. Mr. Coyiuto is the President and COO of OPMC.
   - Any one of the following is authorized to vote: Ms. Rosie Coyiuto, Messrs. Samuel Coyiuto, and James Coyiuto.
   - There are no participants in the above corporation who hold more than 5% of OPMC's outstanding capital stock.

d. Prudential Guarantee & Assurance, Inc. is majority-owned by Coyiuto Brothers.
   - Mr. Robert Coyiuto, Jr. is authorized to vote.

Security Ownership of Management as of December 31, 2020

Class	Name of Beneficial Owner	Position	Amount and Nature of Beneficial Ownership (Direct)			% to Total	Citizenship
			Class A	Class B	Total		
A.	**Named Executive Officers [1]**						
Common	James L. Go*	Chairman and CEO	2,511,000,000	–	2,511,000,000	1.2560%	Filipino
Common	Robert R. Coyiuto, Jr.*	Director, President and Chief Operating Officer	423,977,301	141,687,685	565,664,986	0.2828%	Filipino
Common	Apollo P. Madrid*	SVP – Operations and Administration	1,711,971	100,795	1,812,766	0.0009%	Filipino
		Sub-total	2,936,689,272	141,788,480	3,078,477,752	1.5400%	
B.	**Other Directors and Executive Officers**						
Common	Josephine Barcelon	Director	100,000	–	100,000	0.0001%	Filipino
Common	Antonio Go	Director	1	–	1	**	Filipino
Common	Benedicto Coyiuto	Director	10,000	–	10,000	**	Filipino
Common	Lance Y. Gokongwei	Director	1	–	1	**	Filipino
Common	Brian M. Go	Director	1	–	1	**	Filipino
Common	J.V. Emmanuel De Dios	Director	1	–	1	**	Filipino
Common	Perry L. Pe	Director and Asst. Corporate Secretary	513,621	–	513,621	0.0003%	Filipino
Common	Ricardo Balbido, Jr.	Director	100,000	–	100,000	0.0001%	Filipino
Common	James Coyiuto	Director	1	–	1	**	Filipino
		Sub-total	723,626	–	723,626	0.0005%	
C.	**All directors and executive officers as a group unnamed**		2,937,412,898	141,788,480	3,079,201,378	1.5396%	

[1] Chief Executive Officer and two (2) among the four (4) most highly compensated executive officers as of December 31, 2020.
*Company's executive officers
**less than 0.0001%

Voting Trust holders of 5% or More

There are no persons holding more than 5% or a class under a voting trust or similar agreement.

Changes in Control

There has been no change in the control of the registrant since the beginning of its calendar year.

Item 12. Certain Relationships and Related Transactions

There had been no material transactions during the last two years, nor is any material transaction presently proposed, to which the Company was or is to be a party, in which any director or executive officer of the Company or owner of more than 10% of the Company's voting securities, any relative or spouse of any such director or officer who shares the home of such director or executive officer or owner or more than 10% of the Company's voting securities, is involved.

Related Party Transactions as disclosed in the Annual Audited Financial Statements as follow:

Parties are 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; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Affiliates are related entities of the companies by virtue of common ownership and representation to management where significant influence is apparent.

At the end of 2020, the company had Cash and Cash equivalents maintained at various banks including an affiliated bank. The Company likewise, leases an office space from an affiliate that is renewable annually.

PART IV. CORPORATE GOVERNANCE

Item 13. Corporate Governance

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

The Group likewise consistently strives to raise its financial reporting standards by adopting and implementing prescribed Philippine Financial Reporting Standards (PFRSs).

Item 14. Sustainability Report

Please refer to the attached Sustainability Report.

PART V. EXHIBITS AND SCHEDULES

Item 15. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

None.

(b) Reports on SEC Form 17-C

The following is a summary of submissions of SEC Form 17-C filed during 2020:

Date of Report	Item Reported
August 14, 2020	OPM Cash Dividend 2020
June 25, 2020	Results of Annual Stockholders' Meeting
June 25, 2020	Declaration of Cash Dividends
June 1, 2020	Suspension of Production, SC 14 C-1 (Galoc Block)
May 5, 2020	Board Approval of the Audited Financial Statements as at and for the year ended December 31, 2019
March 16, 2020	COVID-19 Risks, Impacts and Mitigation Efforts in Oriental Petroleum and Minerals Corporation Business Operation

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of ____________MANILA, 2021.

By:

James L. Go
Chairman and Chief Executive Officer

Robert Coyiuto, Jr.
President and Chief Operating Officer

Ma. Riana C. Infante
Chief Financial Officer
and Compliance Officer

Vicente O. Caoile, Jr.
Corporate Secretary

Subscribed and sworn to before this APR 30 2021 day of 2021, affiants executed to me their CTC / government issued identification cards as follows:

Name	CTC / Government ID No.	Date of Issue	Place of Issue
James L. Go	P2019464B	June 20, 2019	DFA NCR Central
Robert Coyiuto, Jr.	P7236639A	May 19, 2018	DFA Manila
Ma. Riana C. Infante	P4098424A	August 20, 2017	DFA NCR East
Vicente O. Caoile, Jr.	P2148769B	May 14, 2019	DFA NCR East

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Series of 2021.

Notary Public

ATTY. XELA LAUREN V. CATEDRILLA
NOTARY PUBLIC
Commission No. 2019-007 (2019-June 30, 2021
(Pursuant to B.M. No. 3795)
Roll of Attorney No. 71760
IBP No. 137382; 01/04/2021; Quezon City
PTR No. 1475937; 01/04/2021; San Juan, M.M.
MCLE Compliance No. VI – 0027571; June 13, 2019
4856 San Diego St. Brgy. 598 Pld Sta. Mesa, Manila

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS

FORM 17-A, ITEM 7

ORIENTAL PETROLEUM AND MINERALS CORPORATION
34th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City, Philippines
☎: 633-7631 to 40 Extensions 278, 281 • 🖷: 395-2586

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Oriental Petroleum and Minerals Corporation and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its reports to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

James L. Go	Robert Coyiuto, Jr.	Ma. Riana C. Infante
Chairman of the Board and Chief Executive Officer	President and Chief Operating Officer	Chief Financial Officer and Compliance Officer

Signed this APR 2 0 2021 day of ____ 2021

APR 2 0 2021

SUBSCRIBED AND SWORN to before this ___ day of ____ 2021 affiants executed to me their respective CTC / government issued identification cards as follows:

Name	CTC / Government ID No.	Date of Issue	Place of Issue
James L. Go	P0986521A	November 23, 2016	DFA NCR Central
Robert Coyiuto, Jr.	P7236639A	May 19, 2018	DFA Manila
Ma. Riana C. Infante	P4098424A	August 20, 2017	DFA NCR East

Doc. No. 463
Page No. 94
Book No. 1
Series of 2021.

Notary Public

ATTY. XELA LAUREN V. CATEDRILLA
NOTARY PUBLIC
Commission No. 2019-007 (2019-June 30, 2021
(Pursuant to B.M. No. 3795)
Roll of Attorney No. 71760
IBP No. 137382; 01/04/2021; Quezon City
PTR No. 1475937; 01/04/2021; San Juan, M.M.
MCLE Compliance No. VI – 0027571; June 13, 2019
4856 San Diego St. Brgy. 598 Pld Sta. Mesa, Manila

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

4	0	0	5	8						

C O M P A N Y   N A M E

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

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

34th Floor, Robinsons Equitable Tower, ADB Avenue, corner Poveda Street, Ortigas Center, Pasig City

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

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
orientalpetroleum@opmc.com.ph	8633-7631	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
11,594	5/31	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ma. Riana Caratay-Infante	Riana.Caratay@urc.com.ph	8633-7631	N/A

CONTACT PERSON's ADDRESS

34th Floor, Robinsons Equitable Tower, ADB Avenue, corner Poveda Street, Ortigas Center, Pasig City

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

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Oriental Petroleum and Minerals Corporation
34th Floor, Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

Opinion

We have audited the consolidated financial statements of Oriental Petroleum and Minerals Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment Testing of Wells, Platforms and Other Facilities of Service Contract (SC) 14C1 and Deferred Exploration Costs of SC 6 and 6B

As of December 31, 2020, the carrying value of the Group's wells, platforms and other facilities of SC 14C1 amounted to \$1.77 million. The Group is adversely affected by the continued decline in oil prices in the market.

As of December 31, 2020, the carrying value of the Group's deferred exploration costs of SC 6 and 6B amounted to \$0.66 million. Under PFRS 6, Exploration for and Evaluation of Mineral Resources, these deferred exploration costs shall be assessed for impairment when facts and circumstances suggest that the carrying amounts exceed the recoverable amounts. The ability of the Group to recover its deferred exploration costs would depend on the commercial viability of the oil reserves.

In the event that an impairment indicator is identified, the assessment of the recoverable amount of the wells, platforms and other facilities and deferred exploration costs requires significant judgment and involves estimation and assumptions about future production levels and costs, as well as external inputs such as oil prices and discount rate. In addition, because of the coronavirus pandemic, there is heightened level of uncertainty on the future economic outlook and market forecast. Hence, such assessment is a key audit matter in our audit.

The disclosures in relation to wells, platforms and other facilities and deferred exploration costs are included in Notes 5, 8, 10 and 11 to the consolidated financial statements.

Audit response
We obtained management's assessment on whether there is any indication that the wells, platforms and other facilities and deferred exploration costs may be impaired. For the deferred exploration costs, we reviewed the status of the exploration of SC 6 and 6B as at December 31, 2020 and compared it with the disclosures submitted to the regulatory agencies. We reviewed contracts and agreements, and budget for exploration and development. We inquired if there is a plan to discontinue the exploration activities in SC 6 and 6B. We inspected the license and permit for SC 6 and 6B to determine that the period for which the Group has right to explore has not expired. We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include future production levels and costs as well as external inputs such as oil prices and discount rate. We compared the key assumptions used such as future production levels and oil prices against the estimated reserves report by the respective operators of SC 14C1, SC 6 and 6B and published oil prices, taking into consideration the impact associated with coronavirus pandemic. We compared the future production cost against the work program and budget duly approved by the joint operation and regulatory agency. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of wells, platforms and other facilities and deferred exploration costs.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the financial statements and our auditor's report thereon. We obtained the SEC Form 17-A for the year ended December 31, 2020, prior to the date of our auditor's report, and we expect to obtain the SEC Form 20-IS and Annual Report for the year ended December 31, 2020 after the date of this auditor's report.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ysmael S. Acosta.

SYCIP GORRES VELAYO & CO.

Ysmael S. Acosta
Partner
CPA Certificate No. 112825
SEC Accreditation No. 1744-A (Group A),
March 14, 2019, valid until March 13, 2022
Tax Identification No. 301-106-775
BIR Accreditation No. 08-001998-130-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534209, January 4, 2021, Makati City

April 20, 2021

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In U.S. Dollars)

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 20)	**$15,298,829**	$17,887,849
Receivables (Notes 7 and 20)	**1,564,241**	982,492
Crude oil inventory (Note 8)	**249,867**	668,147
Short-term investments (Notes 9 and 20)	**1,034,175**	1,501,897
Other current assets	**10,008**	10,440
Total Current Assets	**18,157,120**	21,050,825
Noncurrent Assets		
Equity instruments at fair value through other comprehensive income (Notes 9 and 20)	**36,986,361**	31,080,859
Debt instruments at amortized cost (Notes 9 and 20)	**27,997,544**	27,291,700
Property and equipment (Notes 5, 8 and 10)	**12,645,633**	13,325,876
Deferred exploration costs (Notes 5, 8 and 11)	**662,844**	662,844
Total Noncurrent Assets	**78,292,382**	72,361,279
	$96,449,502	$93,412,104
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 12 and 20)	**$443,023**	$825,770
Provision for plug and abandonment (Notes 5 and 12)	–	817,011
Total Current Liabilities	**443,023**	1,642,781
Noncurrent Liabilities		
Net pension liability (Notes 5 and 16)	**649,792**	522,337
Deferred tax liabilities - net (Note 17)	**1,456,519**	358,116
Total Noncurrent Liabilities	**2,106,311**	880,453
Total Liabilities	**2,549,334**	2,523,234
Equity		
Capital stock (Note 13)	**82,268,978**	82,268,978
Subscriptions receivable (Note 13)	**(277,710)**	(277,744)
Capital in excess of par value (Note 13)	**3,650,477**	3,650,477
Retained earnings	**5,058,983**	4,560,651
Reserve for changes in value of equity instruments at fair value through other comprehensive income (Note 9)	**2,406,322**	(136,181)
Remeasurement gains on pension liability - net (Note 16)	**98,644**	120,735
Cumulative translation adjustment	**694,474**	701,954
Total Equity	**93,900,168**	90,888,870
	$96,449,502	$93,412,104

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In U.S. Dollars)

	Years Ended December 31		
	2020	2019	2018
REVENUE FROM PETROLEUM OPERATIONS (Note 8)	**$1,277,272**	$4,248,325	$7,691,545
COST OF PETROLEUM OPERATIONS			
Petroleum production costs (Notes 8 and 12)	**1,677,971**	4,603,816	7,516,862
Depletion, depreciation and amortization (Notes 8 and 10)	**719,705**	1,503,280	1,084,381
	2,397,676	6,107,096	8,601,243
GROSS LOSS	**(1,120,404)**	(1,858,771)	(909,698)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 14)	**658,468**	626,226	648,891
OTHER INCOME (CHARGES)			
Interest income (Notes 6 and 9)	**2,054,493**	2,366,359	2,014,026
Foreign exchange gain (loss) - net	**1,870,509**	1,027,294	(237,799)
Dividend income (Note 9)	**1,733,762**	1,099,501	687,193
Other income (Note 15)	**129,012**	250,585	–
	5,787,776	4,743,739	2,463,420
INCOME BEFORE INCOME TAX	**4,008,904**	2,258,742	904,831
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 17)			
Current	**405,580**	497,316	559,887
Deferred	**1,107,870**	(569,664)	(510,343)
	1,513,450	(72,348)	49,544
NET INCOME	**$2,495,454**	$2,331,090	$855,287
Basic/Diluted Earnings Per Share (Note 18)	**$0.000012**	$0.000012	$0.000004

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In U.S. Dollars)

	Years Ended December 31		
	2020	2019	2018
NET INCOME	**$2,495,454**	$2,331,090	$855,287
OTHER COMPREHENSIVE INCOME (LOSS)			
Item to be reclassified to profit or loss in subsequent periods - Changes in cumulative translation adjustment	**(7,480)**	107,652	15,042
Items not to be reclassified to profit or loss in subsequent periods:			
Movements in reserve for fluctuation in value of Equity instruments at fair value through other comprehensive income (Note 9)	**2,542,503**	2,248,296	(2,276,212)
Remeasurement gains (losses) on pension liability - net of tax (Note 16)	**(22,091)**	(58,101)	21,259
	2,512,932	2,297,847	(2,239,911)
TOTAL COMPREHENSIVE INCOME (LOSS)	**$5,008,386**	$4,628,937	($1,384,624)

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In U.S. Dollars)

	Capital Stock (Note 13)	Subscriptions Receivable (Note 13)	Capital in Excess of Par Value (Note 13)	Retained Earnings	Reserve for Changes in Value of Equity Instruments at FVOCI (Note 9)	Remeasurement Gains (Losses) on Pension Liability - Net (Note 16)	Cumulative Translation Adjustment	Total
				For the Year Ended December 31, 2020				
Balances as at January 1, 2020	**$82,268,978**	**($277,744)**	**$3,650,477**	**$4,560,651**	**($136,181)**	**$120,735**	**$701,954**	**$90,888,870**
Net income	–	–	–	**2,495,454**	–	–	–	**2,495,454**
Other comprehensive income (loss)	–	–	–	–	**2,542,503**	**(22,091)**	**(7,480)**	**2,512,932**
Total comprehensive income (loss)	–	–	–	**2,495,454**	**2,542,503**	**(22,091)**	**(7,480)**	**5,008,386**
Collection of subscription receivable (Note 13)	–	**34**	–	–	–	–	–	**34**
Cash dividends (Note 13)	–	–	–	**(1,997,122)**	–	–	–	**(1,997,122)**
Balances as at December 31, 2020	**$82,268,978**	**($277,710)**	**$3,650,477**	**$5,058,983**	**$2,406,322**	**$98,644**	**$694,474**	**$93,900,168**
				For the Year Ended December 31, 2019				
Balances as at January 1, 2019	$82,268,978	($373,412)	$3,650,477	$4,454,238	($2,668,084)	$178,836	$594,302	$88,105,335
Net income	–	–	–	2,331,090	–	–	–	2,331,090
Other comprehensive income (loss)	–	–	–	–	2,248,296	(58,101)	107,652	2,297,847
Total comprehensive income (loss)	–	–	–	2,331,090	2,248,296	(58,101)	107,652	4,628,937
Collection of subscription receivable (Note 13)	–	95,668	–	–	–	–	–	95,668
Cash dividends (Note 13)	–	–	–	(1,941,070)	–	–	–	(1,941,070)
Transfer to retained earnings	–	–	–	(283,607)	283,607	–	–	–
Balances as at December 31, 2019	$82,268,978	($277,744)	$3,650,477	$4,560,651	($136,181)	$120,735	$701,954	$90,888,870
				For the Year Ended December 31, 2018				
Balances as at January 1, 2018	82,268,978	(373,412)	3,650,477	3,592,772	(385,693)	157,577	579,260	89,489,959
Net income	–	–	–	855,287	–	–	–	855,287
Other comprehensive income (loss)	–	–	–	–	(2,276,212)	21,259	15,042	(2,239,911)
Total comprehensive income (loss)	–	–	–	855,287	(2,276,212)	21,259	15,042	(1,384,624)
Transfer to retained earnings	–	–	–	6,179	(6,179)	–	–	–
Balances as at December 31, 2018	$82,268,978	($373,412)	$3,650,477	$4,454,238	($2,668,084)	$178,836	$594,302	$88,105,335

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In U.S. Dollars)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**$4,008,904**	$2,258,742	$904,831
Adjustments for:			
Depletion, depreciation and amortization expenses (Notes 8 and 10)	**719,705**	1,503,280	1,084,381
Plug and abandonment cost (Notes 8 and 12)	**133,753**	1,362,716	2,855,134
Pension expense (Note 16)	**66,481**	44,214	39,801
Gain on reversal of long-outstanding payables	**–**	(250,585)	–
Dividend income (Note 9)	**(1,733,762)**	(1,099,501)	(687,193)
Unrealized foreign exchange losses (gains) - net	**(1,885,146)**	(988,203)	259,448
Interest income (Notes 6 and 9)	**(2,054,493)**	(2,366,359)	(2,014,026)
Operating income (loss) before working capital changes	**(744,558)**	464,304	2,442,376
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	**(702,711)**	27,259	16,489
Crude oil inventory	**418,280**	1,104,922	(310,415)
Other current assets	**432**	(102)	1,452
Increase (decrease) in:			
Accounts and other payables	**(717,582)**	554,459	(2,886,754)
Provision for plug and abandonment	**(950,764)**	(2,607,553)	2,061,848
Cash flows generated from (used for) operations	**(2,696,903)**	(456,711)	1,324,996
Income tax paid	**(405,580)**	(669,992)	(502,565)
Net cash flows generated from (used in) operating activities	**(3,102,483)**	(1,126,703)	822,431
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**2,093,295**	2,498,004	2,006,651
Dividends received	**1,815,923**	923,917	738,604
Proceeds from redemption/sale/maturity of:			
Debt instruments at amortized cost (Note 9)	**828,638**	–	–
Short-term investments	**1,501,897**	–	10,255,240
Long-term investments	**–**	40,000,000	–
Equity instruments at fair value through other comprehensive income	**–**	1,940,740	1,099,731
Acquisitions of/additions to:			
Property and equipment (Notes 8 and 10)	**(39,462)**	(1,111,357)	(50,985)
Short-term investments	**(1,034,175)**	(1,501,897)	–
Equity instruments at fair value through other comprehensive income (Note 9)	**(3,362,999)**	(19,131,454)	(1,703,871)
Debt instruments at amortized cost (Note 9)	**–**	(13,465,080)	(8,060,845)
Net cash flows provided by investing activities	**1,803,117**	10,152,873	4,284,525
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of subscription receivable	**34**	95,668	–
Payment of cash dividends	**(1,837,696)**	(1,941,070)	–
Net cash flows used in financing activities	**(1,837,662)**	(1,845,402)	–
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**548,008**	183,960	3,345
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,589,020)**	7,364,728	5,110,301
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**17,887,849**	10,523,121	5,412,820
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**$15,298,829**	$17,887,849	$10,523,121

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In U.S. Dollars)

1. Corporate Information and Status of Operations

Oriental Petroleum and Minerals Corporation (the Parent Company) and its subsidiaries (collectively referred to as "the Group") were organized under the laws of the Republic of the Philippines to engage in oil exploration and development activities. The Parent Company was incorporated on December 22, 1969.

On March 26, 2018, during the special meeting of its stockholders, the stockholders ratified the amendments of the Second and Fourth Articles of the Articles of Incorporation (AOI) to engage in the business of power generation and exploration, development, utilization and commercialization of renewable energy resources and to extend the corporate term for 50 years from December 22, 2019, respectively. The amendments to the AOI was approved by the Securities and Exchange Commission (SEC) on July 4, 2018.

The Parent Company's principal office is located at 34th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City. The Parent Company was listed in the Philippine Stock Exchange (PSE) on October 14, 1970.

The Group is 19.4% owned by JG Summit Holdings, Inc. (JGSHI).

<u>Service Contract (SC) 14</u>

On December 15, 1975, pursuant to Section 7 of the Oil Exploration and Development Act of 1972 (Presidential Decree 87 dated November 21, 1972), the Group, together with other participants (collectively referred to as the Consortium), entered into a service contract with the Philippine Government through the Petroleum Board, now the Department of Energy (DOE) for the exploration, exploitation and development of the contract area in offshore Northwest of Palawan Island, Philippines, which was amended from time to time. This contract area includes the Nido, Matinloc, West Linapacan and Galoc Field where significant hydrocarbon deposits were discovered.

The contract areas (i.e., Blocks A, B, B1, C1, C2 and D) covered by SC 14 are situated offshore Northwest of Palawan Island, Philippines. While production activities continue in Blocks A, B, B1 and C1 of SC 14, crude oil production in the West Linapacan Oilfield in Block C2 was suspended in 1999 due to a significant decline in crude oil production caused by increasing water intrusion. The Group continually conduct technical evaluation activities of the said area and submitted a work program and budget to DOE. However, the Parent Company participates in the production of other fields, including Nido, Galoc and Matinloc. Total production from these fields is modest but enough to cover operating and overhead expenses of SC 14.

The Galoc oilfield located in Block C was declared commercial on June 22, 2009 with effectivity on June 19, 2009. Block D remains a retained area.

In December 2010, the DOE extended the term of SC 14 for another 15 years or up to December 17, 2025.

SC 14C1 - Galoc

Farm-in Agreement (FA)
On September 23, 2004, Team Oil (TEAM) and Cape Energy (CAPE) entered into a Farm-in-Agreement (FA) with the SC 14C - Galoc Consortium members for the development of the Galoc Field. The FA was concluded in a Deed of Assignment (DA) dated August 22, 2005 where TEAM and CAPE designated Galoc Production Company (GPC) as the special purpose company to accept the assigned participating interest and to act as the operator of the Galoc production area.

Under the FA and DA, GPC will pay 77.721% of the cost to develop the Galoc Field in exchange for a 59.845% participating interest in the area. Other significant terms and conditions of the Agreements follow:

1) That GPC, together with the other paying party, Nido Petroleum Philippines, Pty. Ltd. (Nido Petroleum), be allowed to first recover their share of the development cost from crude oil sales proceeds from the Galoc Field after production expenses.

2) That GPC will be assigned its pro-rata share of the $68 million historical cost recovery of the Galoc block equivalent to $33 million to be recovered pursuant to the terms of the Block C agreement below.

3) That GPC will reimburse the Consortium members (except GPC and Nido Petroleum) for expenditures previously incurred in relation to the Galoc Field as follows:

   a) $1.5 million payable out of 50% of GPC's share of the Filipino Participation Incentive Allowance (FPIA); and

   b) $1.5 million payable upon reaching a cumulative production of 35 million barrels of oil from the Galoc Field.

On July 1, 2009, GPC and the other Consortium members purchased additional interest in the field from Petroenergy Resources Corporation (Petroenergy) and Alcorn Gold Resources Corporation (AGRC).

As at December 31, 2020 and 2019, the Group holds participating interest of 7.78505% in Galoc.

Joint Operating Agreement (JOA)
On September 12, 2006, the members of the Consortium entered into a JOA, amending the existing JOA, for the purpose of regulating the joint operations in the Galoc Block. The JOA shall continue for as long as:

1) the provisions in SC 14 in respect of the Galoc Block remain in force;

2) until all properties acquired or held for use in connection with the joint operations has been disposed of and final settlement has been made between the parties in accordance with their respective rights and obligations in the Galoc Block; and

3) without prejudice to the continuing obligations of any provisions of the JOA which are expressed to or by their natures would be required to apply after such final settlement.

The items are still subsisting hence the JOA continues to be in effect.

Block C Agreement

In 2006, Block C Agreement was entered into by the consortium members (the "Galoc Block Owners") to specify gross proceeds allocation as well as the rights and obligations relating to their respective ownership interest in the Galoc Block (the "Galoc Contract Area Rights") and their respective ownership interest in the Remaining Block (except for GPC).

The agreement also clarifies how GPC and Philodrill, which are the designated operator of the Galoc Block and the Remaining Block, respectively, shall work together to perform their obligations and exercise their rights as operator.

The Allocation of Contract Area Rights under Section 3 of the Block C Agreement provides that:

1) GPC shall be entitled to the FPIA, Production Allowance, Recovery of Operating Expenses and the Net Proceeds of the SC 14 insofar as it relates to the Galoc Block.
2) The portion of the Galoc Contract Area Rights allocable as FPIA, Production Allowance and Net Proceeds shall be distributed as follows:

   a) GPC shall be allocated an amount equal to its participating interest in the Galoc Block which is currently 58.291%;

   b) Nido Petroleum and Philodrill shall be allocated an amount equal to 17.500% and 4.375%, respectively; and

   c) The balance of 19.834% shall be allocated to the Remaining Block (except GPC) in accordance with number 5 below.

3) The portion of the Galoc Contract Area Rights allocable to recovery of operating expenses (the reimbursement amount) shall be distributed as follows:

   a) First, an amount equal to the operating expenses incurred by the Galoc Block Owners in respect of production costs on and from the date of the 2nd Galoc well being brought on stream shall be allocated to each Galoc Block Owner in accordance with each Galoc Block Owner's participating interest;

   b) Second, an amount equal to the operating expenses incurred by GPC and Nido Petroleum in respect of the Galoc Block (excluding the $68 million historical cost assigned to the Galoc Block pursuant to the FA) shall be allocated 77.721% to GPC and the balance of 22.279% to Nido Petroleum;

   c) Third, any reimbursement amount remaining after applying the provisions of 3a and 3b above shall be allocated 58.291% to GPC, 17.500% to Nido Petroleum, 4.375% to Philodrill and 19.834% to the Galoc Block Owners (except GPC but including Nido Petroleum and Philodrill only in relation to its remaining 4.779% interest and its 2.022% interest in the Galoc Block, respectively) until all the Galoc Block Owners have received in aggregate a total of $34 million in accordance with this provision. The 19.834% allocated to the Galoc Block Owners (except GPC) shall be distributed by GPC in accordance with number 5 below; and

   d) Fourth, any reimbursement amount remaining after applying the provisions of 3a, 3b and 3c above shall be allocated 38.861% to GPC, 17.500% to Nido Petroleum and the balance of 43.639% to the Galoc Block Owners (except GPC but including Nido Petroleum only in relation to its remaining 4.779% interest in the Galoc Block) until all the Galoc Block

Owners have received in aggregate a total of $34 million in accordance with this provision. The 43.639% allocated to the Galoc Block Owners (except GPC) shall be distributed by GPC in accordance with number 5 below.

4) After the provisions in Clause 3.3 of the Block C Agreement (as detailed in number 3 above) have been satisfied, all the Galoc Block Owners shall share the reimbursement amount in accordance with each Galoc Block Owner's participating interest as follows:

   a) GPC, Nido Petroleum and Philodrill shall receive 58.291%, 17.500% and 4.375%, respectively; and

   b) The balance of 19.834% shall be distributed by GPC to the Galoc Block Owners (except Galoc but including Nido Petroleum and Philodrill only in relation to its remaining 4.779% interest and its 2.022% interest in the Galoc Block, respectively) in accordance with Clause 5 of the Block C Agreement (see number 5 below).

5) All amounts due to the Galoc Block Owners (except GPC) pursuant to Clauses 3.2, 3.3c, 3.3d and 3.4 (see numbers 2, 3c, 3d and 4 above) (the "Outstanding Balance"), shall be distributed by GPC in accordance with written instructions to distribute the Outstanding Balance authorized by all the other Galoc Block Owners.

Effective July 1, 2009, the amount allocated to Petroenergy and AGRC in accordance with the Block C agreement shall be allocated to the remaining partners in accordance with the amount of additional interest they have purchased from Petroenergy and AGRC. The additional interest purchased are as follows: Nido Petroleum (0.60052%), Philodrill (0.19745%), Parent Company (0.13970%) and Linapacan Oil Gas and Power Corporation (LOGPOCOR) (0.07335%).

The Block C agreement shall terminate when SC 14 terminates.

<u>Lifting Agreement</u>
In 2008, GPC and its partners entered into a lifting agreement which provides for the lifting procedures to be applied by GPC to ensure that:

1) each lifter is able to lift its Lifting Entitlement on a timely basis;

2) each lifter receives its Actual Lifting Proceeds;

3) overlift and underlift position of each party are monitored and settled;

4) each lifter pays its Actual Lifting Deduction Payment to the GPC; and

5) GPC has sufficient funds in the Joint Account to pay the Philippine Government and the Filipino Group Entitlement.

The terms of the Block C Agreement shall prevail in the event of a conflict with the terms of this agreement.

The agreement shall terminate when SC 14 terminates unless terminated earlier by the unanimous written agreement by the parties.

Decommissioning Agreement (DA)
On December 12, 2008, GPC and its partners entered into a DA which provides for the terms upon which the wells, offshore installations, offshore pipelines and the Floating Production Storage and Offloading (FPSO) facility used in connection with the joint operations in respect of the Galoc Development shall be decommissioned and abandoned in accordance with the laws of the Philippines, including all regulations issued pursuant to the Oil Exploration and Development Act of 1972.

In accordance with the DA, each party has a liability to fund a percentage of the decommissioning costs (to be determined at a later date), which shall be equal to the party's percentage interest. The funding of the decommissioning costs shall commence on the date ("Funding Date") GPC issues a written notice to the DOE after completion of the Electromagnetic Propagation (EPT), specifying the date of commencement of commercial operations of the Galoc Block. The decommissioning cost, as funded, shall be kept in escrow with a bank of international standing and repute to be appointed by GPC.

The DA shall terminate when SC 14 terminates.

In October 2016, the Galoc Block Consortium approved the drilling of Galoc-7 to test the Mid Galoc Prospect, which is estimated to contain oil resources of 6.2 million to 14.6 million barrels.

On November 8, 2016, the DOE approved the Galoc-7 drilling program, with an estimated budget amounting to US$31 million. GPC drilled the Galoc-7 well and a sidetrack, Galoc-7ST, from March to April 2017 using the drillship Deepsea Metro I. The wells encountered 7-12 meters of net sand, which is below the prognosed thickness. In view of this, and in consideration of low fuel prices, the Consortium decided to temporarily suspend all activities related to a possible Phase III development and concentrate its efforts in optimizing oil production at the Galoc Field in order to sustain profitability and prolong the field's economic life.

In mid-2018, there was a new Operator for the Galoc Block. In a Sale Purchase Agreement, Bangchak Corporation Public Co. (Thailand) which holds the 55.88% interest shares of GPC-1 and Nido Petroleum (Galoc) Pty Ltd. in the Galoc Block, sold their share to Tamarind Galoc Pte. Ltd.

Tamarind Galoc Pte. Ltd. is headquartered in Kuala Lumpur, Malaysia. Tamarind initiated several projects which include production optimization, conduct of a more refined well test, renegotiate lease contract with the owners of the FPSO "Rubicon Intrepid", renegotiate terms of the helicopter contract with INAEC, and conduct feasibility studies for the fabrication of a Condensate Recovery Unit to be installed at the FPSO "Rubicon Intrepid".

Notice of Termination of Lease on FPSO
On March 25, 2020, the Rubicon Offshore International (ROI), owner of the Floating Production Storage Offloading (FPSO) tanker, gave a Notice of Termination to GPC1 and other members of the Consortium. The termination notice covered the period 25 March 2020 to 24 September 2020, or for 6 months.

After receipt of the Notice of Termination, GPC1 started making plans for the disconnection of the FPSO from the Galoc Oilfield site. However, the FPSO disconnection was not implemented or carried out because a new strategy was developed to continue production operations in the Galoc Oilfield.

i. Continuation of Production Operations: During Transition Period from August 2020 to January 2021

Upon the initiative of the GPC1, an alternative strategy was developed to continue production operations even before the end of the Termination Notice.

GPC1 brokered the purchase of ROI's FPSO Rubicon Intrepid by its mother company, Tamarind Resources Pte. Ltd., through a separate entity, Upstream Infrastructure Holdings (UIH). Tamarind Resources will have full control of the FPSO. The purchase was effective August 1, 2020.

GPC1 also arranged a new bareboat charter between UIH and the Galoc Joint Venture at minimal rates.

During the 6-month Transition Period, the FPSO Rubicon Intrepid will remain at the Galoc Oilfield location and continue production from the Galoc oilwells. A separate Operations & Management (O&M) contract has been negotiated with ROI for the 6-month Transition Period.

ROI senior management staff, FPSO crew, and production technicians will continue to carry out operations of the FPSO Rubicon Intrepid.

ii. Continuation of Production Extension Period: February 1, 2021 – September 30, 2022
To further continue production operations in the Galoc Oilfield beyond the 6-month Transition Period, a new alliance was formed with Three60 Energy, an established international offshore operator. Three60 Energy is an independent specialist service provider with headquarters in Aberdeen, Scotland and has branch offices in Kuala Lumpur, Malaysia and Singapore. It has been engaged to provide the Operations and Management (O&M) of the FPSO for 18 months.

UIH and Tamarind Resources will continue to supervise the operations of ROI and Three60 Energy. GPC1's FPSO Operations Advisor has been mobilized to assure and control the activities and work force of ROI and Three60 Energy.

iii. Withdrawal of GPC2 / KUFPEC
On September 14, 2020, GPC2/Kuwait Foreign Petroleum Exploration Company (KUFPEC), communicated their withdrawal from SC14C1 - Galoc Block Joint Venture. KUFPEC before notice of withdrawal held a working interest of 26.4473% in SC - 14C1, Galoc Block.

As a result of KUFPEC's withdrawal their working interest will be allocated to the remaining partners.

The Parent Company, together with LOGPOCOR, chose not to accept the pro rata interest and remained at a combined 7.78505% working interest.

Similarly, the Operator - GPC1 elected not to get their allocated interest from KUFPEC and maintained their working interest at 33%. They passed on their allocation to Nido Production Galoc (NPG), a sister company under Tamarind Resources Pte. Ltd.

The Department of Energy has acknowledged KUFPEC's withdrawal from SC-14C1, Galoc Block.

iv. Resignation of GPC1 as Operator
On December 23, 2020, Galoc Production Company - 1 (GPC1) announced their resignation as Operator of SC-14C1, Galoc Block.

Nido Production Galoc Co. (NPG), a sister company under Tamarind Resources Pte. Ltd., has assumed the role as the new Operator.

<u>SC 14C2 - West Linapacan</u>
A farm-in agreement was signed in May 2008 with Pitkin Petroleum Plc. The agreement requires the farm-in party ("Farminee") to carry out, at its own cost, technical studies, drill a well or wells, and redevelop the West Linapacan-A oilfield. In return, Pitkin Petroleum Plc. will earn 75% interest out of the share of the farming-out parties ("Farmors"). Pitkin assumed the role as operator of the block. The farming-out parties/Farmors are carried free up to commercial "first oil" production.

Pitkin Petroleum Plc. will have earned 58.29% interest after fulfilling their work obligations. In February 2011, Pitkin farmed-out half of the 58.29% interest to Resources Management Associates Pty Ltd. of Australia (RMA). This transfer of interest was approved by the DOE in July 2011. The transfer of operatorship to RMA was approved by the DOE in April 2012. The Farmors continued to be carried free up to commercial first oil production. RMA carried technical studies that will lead to the drilling and re-development of the West Linapacan-A structure. An independent third-party assessment was also commissioned to determine the range of recoverable reserves from the structure.

In 2014, preparations were made to drill a well with spud-in date no later than end of December 2014. However, there was difficulty in raising the necessary funding for the drilling operations. Starting the second half of 2014, prices of crude oil world wide started to dramatically decline. This decline continued up to the end of 2014.

On January 14, 2015, the West Linapacan Block Farmors informed the DOE of the termination of the Farm In Agreement due to the non-performance of work obligation by Pitkin Petroleum (hence RMA) for the rehabilitation of the West Linapacan field. In a letter dated March 12, 2015, the DOE acknowledged the termination of the FA between the Farmors and Pitkin (hence RMA) since RMA could not provide the proof of financial capability to perform the work program. The 58.29% participating interest previously assigned to Pitkin provided under the FA will be reassigned to the SC 14-C2 West Linapacan Block Farmors.

The joint venture partners developed a work program and budget for the year 2016 which was submitted to and subsequently approved by the DOE.

The main activity was to carry out a technical and commercial audit of the activities carried out by the previous Operator-RMA Hk Ltd. In addition, a contingent underwater survey, by way of a Remote Operated Vehicle (ROV), was considered to gather information on the conditions of the subsea equipment installed in the old West Linapacan wellheads.

In-house geotechnical studies continued to be carried out on the contract area. An Assessment Study was commissioned for a low capital expenditure re-development of the West Linapacan-A oilfield. The estimated oil reserves, however, differed significantly from earlier studies. An evaluation of other development options will be carried out. A Scoping Study was also commissioned for the possible re-entry and extended production test of the West Linapacan-A1 Well. The re-entry and EPT will be carried out for six months using coiled tubing. This procedure is undergoing evaluation.

On January 7, 2020, the Group and other members of the Consortium of the service contract entered into a Sale and Purchase Agreement and farm-out agreement with a third party for the sale and assignment of the 28.21% interest of the Group in SC 14 Block.

As of December 31, 2020, the SPA and farm-out agreement has not yet completed the relevant closing conditions, which include regulatory approval, due to absence of proof of financial capability of the third party.

As of March 31, 2021, SPA and farm-out agreement has been terminated.

SC 14A, B&B-1 - Nido, Matinloc & North Matinloc

Production in the Nido and Matinloc fields was terminated permanently on March 13, 2019. Nido started oil production in 1979 while Matinloc was put in place in 1982. The final inception-to-date production figures for the two fields are: 18,917,434 bbls for Nido and 12,582,585 bbls for Matinloc. The North Matinloc Field, which was in production from 1988 to 2017 produced a total of 649,765 bbls. The total production for the three fields is 32,149,784 barrels.

The permanent plug and abandonment of the Libro-1 and Tara South-1 wells was completed in early June 2018. The two wells had been shut since 1989 and 1990, respectively. The plug and abandonment took 41.5 days to complete. In 2018, the Group incurred actual costs to plug and abandon wells from Libro-1 and Tara South-1 oilfields amounting to $0.79 million (see Note 8).

In May 2019, seven production wells in Nido (3 out of 5), Matinloc (3), and North Matinloc (1) were successfully plugged and abandoned, while two remaining Nido wells were only partially abandoned due to difficulties encountered during the plugging operations.

The Consortium conducted the stripping and disposal of equipment and materials aboard the production platforms from June to October 2019.

In October 2020, the Parent Company, with the Consortium, completed the cement plugging of the two remaining Nido wells. In November 2020, the DOE certified that the plug and abandonment of the Nido - A1 & - A2 wells was carried out in accordance with the approved P&A program by the DOE. In December 2020, the Nido and Matinloc platforms were already turned over to the DOE.

In 2020, 2019 and 2018, the Group recognized plug and abandonment and stripping costs amounting to $0.13 million, $1.36 million and $2.06 million, respectively. As of December 31, 2020 and 2019, outstanding balance of the provision for the plug and abandonment amounted to nil and $0.82 million, respectively (see Notes 8 and 12).

Participating Interests
As at December 31, 2020 and 2019, the Parent Company and LOGPOCOR have the following participating interests in the various SCs (in percentage):

	2020	2019
SC 14 (Northwest Palawan)		
Block A (Nido)	**42.940**	42.940
Block B (Matinloc)	**17.703**	17.703
Block B1 (North Matinloc)	**27.772**	27.772
Block C1 (Galoc)	**7.785**	7.785
Block C2 (West Linapacan)	**30.288**	30.288
Block D	**20.829**	20.829
SC 6 (Bonita)	**4.909**	4.909

Among the other operations of the Group, the suspension of the production activities in the West Linapacan Oilfield raises uncertainties as to the profitability of the petroleum operations for the said oilfield. The profitability of petroleum operations related to the said oilfield is dependent upon discoveries of oil in commercial quantities as a result of the success of redevelopment activities thereof.

2. Basis of Preparation, Statement of Compliance and Basis of Consolidation

Basis of Preparation
The consolidated financial statements of the Parent Company and its wholly-owned subsidiaries, namely LOGPOCOR, Oriental Mahogany Woodworks, Inc. (OMWI) and Oriental Land Corporation (OLC), collectively referred to as the "Group", which include the share in the assets, liabilities, income and expenses of the joint operations covered by the SCs as discussed in Note 1 to the consolidated financial statements, have been prepared on a historical cost basis, except for equity instruments at fair value through other comprehensive income (FVOCI) that have been measured at fair values and crude oil inventory which is valued at net realizable value (NRV).

The consolidated financial statements are presented in U.S. Dollars, the Parent's functional and presentation currency. All values are rounded to the nearest dollar, except when otherwise indicated.

For consolidation purposes, the financial statements of the Subsidiaries (OMWI and OLC) whose functional currency is Philippine Peso were translated to U.S. Dollars using the prevailing rate as of the reporting date for statement of financial position accounts and the weighted average rate for the reporting period for the statement of income and statement of comprehensive income accounts. The exchange differences arising from the translation are recognized in other comprehensive income (OCI), until disposal at which time the cumulative translation adjustment recognized in OCI is included in the consolidated statement of income.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018. The subsidiaries are all incorporated in the Philippines.

		Effective Percentage of Ownership	
Subsidiaries	**Principal Activity**	**2020**	2019
LOGPOCOR	Oil exploration and development	**100%**	100%
OMWI	Furniture manufacturing and distribution	**100%**	100%
OLC	Real estate	**100%**	100%

As at December 31, 2020 and 2019, OMWI and OLC have ceased their operations.

The financial statements of LOGPOCOR, OMWI and OLC are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls a subsidiary if and only if the Group has:

b. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
c. Exposure, or rights, to variable returns from its involvement with the investee, and
d. The ability to use its power over the investee to affect its returns.

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;

- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any gain or loss in profit or loss; and
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interests represent the interests in the subsidiaries not held by the Parent Company, and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from equity attributable to holders of the Parent Company.

3. Changes in Accounting Policies and Disclosures

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Business Combination, Definition of Business*

  The amendments to PFRS 3 clarifies that 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 output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

  These amendments will apply on future business combinations of the Group.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

<u>Standards and Interpretation Issued but not yet Effective</u>
Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group’s consolidated financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

  Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and 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 the entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- Annual Improvements to PFRSs 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 percent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are 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 lender on the other's behalf. An entity applies the amendment 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 amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments 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 amendment. The amendments are not expected to have a material impact on the Group.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early 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 the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors’ interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Summary of Significant Accounting Policies

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placements and that are subject to insignificant risk of change in value.

Short-term Investments
Short-term investments are placements in time deposits and other money market instruments with original maturities of more than three months but less than one year.

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

Financial Assets
Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:

- financial assets measured at amortized cost (debt instruments)
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss (debt instruments)
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss (equity instruments)
- financial assets measured at fair value through profit or loss

Contractual cash flows characteristics. the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model. The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Financial assets at amortized cost
A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) 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. Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, short-term and long-term investments, receivables and debt instruments at amortized cost.

Financial assets at fair value through other comprehensive income (FVOCI)
Debt instruments. A debt financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the ECL model.

As of December 31, 2020 and 2019, the Group does not have debt instruments at FVOCI.

Equity instruments. The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

As of December 31, 2020 and 2019, the Group elected to classify irrevocably its quoted equity instruments under this category.

Financial assets at fair value through profit or loss (FVPL)
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the consolidated statement of income when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

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

Impairment of financial assets
The Group recognizes an ECL for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the 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.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, short-term and long-term investments and debt instruments at amortized costs, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a12-month basis. To estimate the ECL for cash and cash equivalents, short-term and long-term investments and debt instruments, the Group uses the ratings published by a reputable rating agency (i.e., Moody's, Fitch, Capital Intelligence, and Standard and Poor's).

For receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. 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.

Financial Liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.

The Group's financial liabilities under this category includes accounts and other payables.

Derecognition of Financial Assets and Liabilities

Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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 rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

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

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

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

Crude Oil Inventory
Crude oil inventory is carried at NRV at the time of production. NRV is the estimated selling price less cost to sell. The estimated selling price is the market value of crude oil inventory for the reporting month adjusted taking into account fluctuations of price directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period. Estimated cost to sell is the cost incurred necessary to complete the sale (e.g., freight charges, transportation costs, etc.). The share in the ending crude oil inventory is not recognized as revenue and charged against share in costs and operating expenses.

Long-term Investments
Long-term investments are placements in time deposits and other money market instruments with original maturities of more than one year. Long-term investments are carried in the consolidated statement of financial position at amortized cost.

Property and Equipment
Transportation equipment and office furniture and equipment are carried at cost less accumulated depreciation and any impairment in value.

Wells, platforms and other facilities are carried at cost less accumulated depletion and any impairment in value.

The initial cost of property and equipment, other than wells, platforms and other facilities, comprises its construction cost or purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Subsequent costs are capitalized as part of these assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

In situations where it can be clearly demonstrated that 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.

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

Depreciation of property and equipment, other than wells, platforms and other facilities, commences once the assets are put into operational use and is computed on a straight-line basis over the estimated useful lives (EUL) of the assets as follows:

	Years
Transportation equipment	6
Office furniture and equipment	5-10

Depletion, depreciation and amortization of capitalized costs related to the contract areas under "Wells, platforms and other facilities" in commercial operations is calculated using the units-of-production method based on estimates of proved reserves.

The EUL and depletion and depreciation, residual values and amortization methods are reviewed periodically to ensure that the period and methods of depletion and depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Interest in Joint Arrangements
PFRS defines a joint arrangement as an arrangement over which two or more parties have joint control over the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

Joint Operations
A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interests in joint operations, the Group recognizes its:
- Assets, including its share of any assets held jointly

- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly.

Deferred Exploration Costs

The Group follows the full cost method of accounting for exploration costs determined on the basis of each SC/Geophysical Survey and Exploration Contract (GSEC) area. Under this method, all exploration costs relating to each SC/GSEC are deferred pending determination of whether the contract area contains oil and gas reserves in commercial quantities. The exploration costs relating to the SC/GSEC area where oil and gas in commercial quantities are discovered are subsequently capitalized as "Wells, platforms and other facilities" shown under the "Property and equipment" account in the consolidated statement of financial position upon commercial production. When the SC/GSEC is permanently abandoned or the Group has withdrawn from the consortium, the related deferred oil exploration costs are written off. SCs and GSECs are considered permanently abandoned if the SCs and GSECs have expired and/or there are no definite plans for further exploration and/or development.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that the Group's property and equipment and deferred exploration costs may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 Group makes an estimate of recoverable amount. 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depletion, depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Equity

Capital Stock

Capital stock is measured at par value for all shares subscribed, issued and outstanding. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. When the Group issues shares in excess of par, the excess is recognized in the "Capital in excess of par value" account; any incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from it. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Subscriptions Receivable
Subscriptions receivable represents the amount for which the shares were subscribed but not fully paid.

Retained Earnings
Retained earnings represents cumulative balance of profit and losses of the Group and with consideration of any changes in accounting policies and errors applied retrospectively.

Other Comprehensive Income (OCI)
OCI are items of income and expense that are not recognized in profit or loss for the year in accordance with PFRSs. The Group's OCI pertains to reserve for fluctuation in value of FVOCI, remeasurement gains (losses) on pension liability and cumulative translation adjustment. Reserve for fluctuation in value of FVOCI and remeasurement gains (losses) on pension liability cannot be recycled to statement of income in the subsequent period. Upon derecognition, the cumulative translation adjustment is recycled to statement of income.

Revenue Recognition
Revenue from sale of petroleum products is recognized at a point in time when the control of the goods has transferred from the Consortium Operator of the joint arrangement to the customer, which is typically upon delivery of the petroleum products to the customers. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales tax or duty. The Group has generally concluded that it is the principal in its revenue arrangements.

Revenue from Petroleum Operation
Revenue from petroleum operation is recognized at a point in time when the control of the goods has transferred from the Consortium Operator, on behalf of the sellers, to the buyer at the delivery point. Revenue is measured at the fair value of the consideration received or receivable.

The revenue recognized from the sale of petroleum products pertains to the Group's share in revenue from the joint operations. The revenue sharing is accounted for in accordance with PFRS 11.

Interest Income
Interest income is recognized as it accrues using the EIR method, the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of that financial asset.

Dividend Income
Dividend income is recognized when the Group's right to receive the dividend is established, which is generally when the shareholders approve the dividend.

Costs and Expenses
Cost of services and general and administrative expenses are recognized in profit or loss when decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. These are recognized:

(a) on the basis of a direct association between the costs incurred and the earning of specific items of income;
(b) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or

(c) immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Petroleum Production Cost
Petroleum production cost represents costs that are directly attributable in recognizing revenue from petroleum operations.

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

Leases
Accounting policy effective January 1, 2019

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Accounting policy prior January 1, 2019
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:
(a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
(c) there is a change in the determination of whether fulfillment is dependent on a specific asset; or
(d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (b), or (d) and at the date of renewal or extension period for the scenario (c).

Group as a Lessee
Lease of assets under which the lessor effectively retains all the risks and rewards of ownership is classified as operating lease. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Income Taxes
Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized as other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax
Deferred income tax is provided, using the liability method, on all temporary differences, with certain exceptions, at 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, except:

- when the deferred tax liability arises from the initial recognition of goodwill or 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; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and 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 from excess MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference 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; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each financial 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 assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate 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 relating to items recognized directly in equity is recognized as other comprehensive income.

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

Pension Expense
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service costs
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to consolidated statement of income in subsequent periods. All remeasurements recognized in OCI account "Remeasurement gains (losses) on pension liabilities" are not reclassified to another equity account in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects 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 defined benefit obligation, the measurement of the resulting defined benefit asset 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's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Foreign Currency-denominated Transactions and Translations
The consolidated financial statements are presented in U.S. Dollar, which is the Parent Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. However, monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign currency translations are charged or credited to the consolidated statement of income.

All differences are taken to the consolidated statement of income with the exception of differences on foreign currency borrowings that provide, if any, a hedge against a net investment in a foreign entity. These are taken directly to equity until disposal of the net investment, at which time they are recognized in the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of OMWI and OLC, the Parent Company's subsidiaries, is Philippine Peso. As at reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group (the US Dollars) at the exchange rate at the reporting date and the consolidated statement of income accounts are translated at weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to "Cumulative translation adjustment" account in the equity section of the consolidated statement of financial position. Upon disposal of a subsidiary, the deferred cumulative translation adjustment amount recognized in equity relating to that particular subsidiary is recognized in the consolidated statement of income.

Operating Segments
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's business and only operating segment pertains to oil exploration and development. Business segments involved in furniture manufacturing and distribution and real estate have ceased operations.

Earnings Per Share (EPS)
EPS is determined by dividing net income by the weighted average number of shares outstanding for each year after retroactive adjustment for any stock dividends declared.

Provisions
Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of the resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

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 when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events up to the date of auditor's report that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make judgments, estimates and assumptions that affect the amount reported in the consolidated financial statements and accompanying notes. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements, as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Determination and Classification of a Joint Arrangement
Judgment is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to operations and capital decisions of the arrangement.

Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement - whether structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group considers the rights and obligations arising from:

  a. The legal form of the separate vehicle;
  b. The terms of the contractual arrangement; and
  c. Other facts and circumstances (when relevant).

This assessment often requires significant judgment, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting treatment for each assessment.

As at December 31, 2020 and 2019, the Group's joint arrangement is in the form of a joint operation.

Determination of Functional Currency
The entities within the Group determine the functional currency based on economic substance of underlying circumstances relevant to each entity within the Group. The determination of functional currency was based on the primary economic environment in which each of the entities generates and expends cash. The Parent Company and LOGPOCOR's functional currency is the US Dollar while the functional currency of OMWI and OLC is Philippine Peso.

As at December 31, 2020 and 2019, the Group's cumulative translation adjustment amounted to $0.69 million and $0.70 million, respectively.

Provisions and Contingencies
In the normal course of business, the Group is subject to certain exposure and claims by third parties. The Group does not believe that this exposure will have a probable material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the judgment and estimates or in the effectiveness of the strategies relating to this exposure.

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of Provision for ECLs of Receivables
The Group uses a provision matrix to calculate ECLs for receivables and debt instruments at amortized cost. The provision rates are based on days past due of each counterparty that have similar loss pattern.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and inflation rate) are expected to deteriorate over the next year which can lead to an increased number of defaults of the counter parties, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of counter party's actual default in the future.

No provision for ECL on the Group's receivables were recognized in 2020 and 2019. Total carrying value of receivables amounted to $1.56 million and $0.98 million as at December 31, 2020 and 2019, respectively (see Note 7).

Estimating Provision for Plug and Abandonment Costs
Significant estimates and assumptions are made in determining the provision for decommissioning. Factors affecting the ultimate amount of liability include estimates of the extent and costs of decommissioning activities, technological changes, regulatory changes, cost increases, and changes in discount and foreign exchange rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided.

The Group recognized provision for plug and abandonment costs amounting to nil and $0.83 million as at December 31, 2020 and 2019, respectively (see Note 12). In 2020, 2019 and 2018, the Group also recognized plug and abandonment costs in the consolidated statements of income amounting to $0.13 million, $1.36 million and $2.86 million which pertains to actual and estimated costs to plug and abandon wells from Libro and Tara South, and wells from Nido, Matinloc and North Matinloc fields.

Estimation of Oil Reserves
The estimation of oil reserves requires significant judgment and assumptions by management and engineers and has a material impact on the consolidated financial statements, particularly on the depletion of wells, platforms and other facilities and impairment testing. There is the inherent uncertainty in estimating oil reserve quantities arising from the exercise of significant management judgment and consideration of inputs from geologists/engineers and complex contractual arrangements involved as regards the Group's share of reserves in the service contract area. This reserve estimate also depends on the amount of reliable geological and engineering data available at the time of the estimate and the interpretation of these data.

Estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount of proved reserves will be subject to future revision once additional information becomes available. As those fields are further developed, new information may lead to revisions.

As of December 31, 2020 and 2019, the estimated remaining proven oil reserves totaled to 2.03 million barrels and 2.66 million barrels for Galoc oil field. In 2019, production in the SC 14A, B&B-1 - Nido, Matinloc & North Matinloc fields were terminated permanently. The plug and abandonment of wells was completed in 2020.

The carrying value of wells, platforms and other facilities amounted to $12.60 million and $13.27 million as of December 31, 2020 and 2019, respectively (see Notes 8 and 10).

Impairment of wells, platforms and other facilities of SC 14C1
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flows (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the inflation rate used. These estimates are most relevant to the wells, platforms and other facilities of SC 14C1 recognized by the Group. The key assumptions used to determine the recoverable amount for this CGU are disclosed and further explained in Note 10.

As at December 31, 2020 and 2019, the carrying value of wells, platforms and other facilities of SC14C1 amounted to $1.77 and $2.45 million. No impairment losses were recognized in 2020, 2019 and 2018.

Assessing Recoverability of Deferred Exploration Costs
The Group assesses impairment on deferred exploration costs when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Until the Group has sufficient data to determine technical feasibility and commercial viability deferred exploration costs need to be assessed for impairment. Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources,* are as follows:

- The period for which the Group has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed in full from successful development or by sale.

As at December 31, 2020 and 2019, the carrying value of deferred exploration costs amounted to \$0.66 million. There was no allowance for unrecoverable deferred exploration costs at December 31, 2020 and 2019. No impairment losses were recognized in 2020, 2019 and 2018.

Pension Expense
The cost of pension and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These assumptions are described in Note 16 and include among others, the determination of the discount rate, salary increase rate and employee turnover rate. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Salary increase rate is based on expected future inflation rates for the specific country and other relevant factors and employee turnover rate is based on Group’s experience on employees resigning prior to their retirement.

Pension liability amounted to \$0.65 million and \$0.52 million as at December 31, 2020 and 2019, respectively (see Note 16).

Recognition of Deferred Tax Assets
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

As at December 31, 2020, the Parent Company has unrecognized deferred tax assets on deductible temporary differences amounting to \$0.98 million, since it is not probable that sufficient taxable income will be available against which can be utilized (see Note 17).

6. Cash and Cash Equivalents

	2020	2019
Cash on hand	**$196**	$196
Cash in banks	**695,522**	238,818
Cash equivalents	**14,603,111**	17,648,835
	$15,298,829	$17,887,849

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term deposit rates ranging from 0.20% to 1.00% and 1.625% to 3.75% per annum in 2020 and 2019, respectively.

Interest income earned from cash in banks and short-term deposits amounted to $0.16 million, $0.03 million and $0.32 million in 2020, 2019 and 2018, respectively.

There are no cash restrictions on the Group's cash balance as at December 31, 2020 and 2019.

7. Receivables

	2020	2019
Due from operators (Note 8)	**$1,158,466**	$455,224
Interest receivable	**223,495**	262,297
Dividend receivable	**182,280**	264,441
Others	**–**	530
	$1,564,241	$982,492

Due from operators represent the excess of proceeds from crude oil liftings over the amounts advanced by the contract operator for the Group's share in exploration, development and production expenditures.

Due from operators are noninterest-bearing and are generally on 1 to 30-day terms. There are no past due nor impaired receivables as at December 31, 2020 and 2019.

Interest receivable pertains to interest income to be received by the Group in relation to its short-term investments and debt instruments at amortized cost.

Dividend receivable pertains to cash dividends to be received by the Group in relation to its quoted equity instruments at fair value through other comprehensive income (see Note 9).

8. **Interest in Joint Operations**

The Group's interests in the joint operations in the various SCs and GSECs, and any liabilities incurred jointly with the other partners, as well as the related revenue and expenses of the joint operations, which are included in the consolidated financial statements, are as follows:

	2020	2019
Current assets:		
Due from operators (Note 7)	**$1,158,466**	$455,224
Crude oil inventory	**249,867**	668,147
	1,408,333	1,123,371
Noncurrent assets:		
Property and equipment (Note 10)		
Wells, platforms and other facilities	**89,352,230**	89,317,353
Less accumulated depletion, depreciation and amortization	**(76,754,292)**	(76,046,157)
Deferred exploration costs (Note 11)	**662,844**	662,844
	13,260,782	13,934,040
	$14,669,115	$15,057,411

	2020	2019	2018
Revenue from petroleum operations	**$1,277,272**	$4,248,325	$7,691,545
Cost of petroleum operations:			
Petroleum production costs	**1,677,971**	4,603,816	7,516,862
Depletion, depreciation and amortization expenses (Note 10)	**719,705**	1,503,280	1,084,381
	2,397,676	6,107,096	8,601,243
	($1,120,404)	($1,858,771)	($909,698)

Details of the petroleum production costs are as follows:

	2020	2019	2018
Floating, production, storage and offloading	**$511,924**	$2,312,873	$3,090,597
Operations management	**229,489**	122,468	150,688
General and administrative	**255,641**	74,843	198,306
Supply vessel	**151,729**	183,698	266,795
Plug and abandonment cost	**133,753**	1,362,716	2,855,134
Helicopter services	**90,703**	101,936	256,497
Repairs and maintenance	**79,101**	186,413	91,022
Insurance expenses	**76,622**	75,043	143,354
Freight costs	**51,036**	131,218	316,632
Logistics base	**28,227**	24,498	28,880
Marketing fees	**9,235**	11,553	77,268
Others*	**60,511**	16,557	41,689
	$1,677,971	$4,603,816	$7,516,862

** Others includes decommissioning costs, miscellaneous expenses, utilities, postage and telephone charges.*

9. Investments

Short-term Investments
In 2020, the Group availed of short-term commercial paper with a local bank amounting to $1.03 million. This investment has original maturity of more than three (3) months but less than one (1) year from date of placement. This investment earned interest of 4.00% and matured on March 15, 2021.

In 2019, the Group availed of short-term investment with a local bank amounting to $1.50 million. This investment has original maturity of more than three (3) months but less than one (1) year from date of placement. This investment earned interest of 1.90% and matured on January 9, 2020.

Interest income earned from short-term investments amounted to $0.11 million, $0.01 million and $0.18 million in 2020, 2019 and 2018, respectively.

Long-term Investments
In 2016, the Group availed of various long-term deposit investments with a local bank amounting to $40.00 million. These investments earned interest of 2.75% and matured from May 10, 2019 to October 7, 2019.

Interest income earned from long-term investments amounted to $0.34 million and $0.94 million in 2019 and 2018, respectively.

Equity Instruments at FVOCI
Equity instruments at FVOCI represent equity instruments in quoted shares carried at fair value as at the end of the reporting period.

The total carrying value of the Group's equity instruments at FVOCI amounted to $36.99 million and $31.08 million as at December 31, 2020 and 2019, respectively.

Movement in the reserve for changes in value of equity instruments at FVOCI are as follows:

	2020	2019
Balances at beginning of year	**($136,181)**	($2,668,084)
Fair value changes during the year	**2,542,503**	2,248,296
Transfer to retained earnings	**–**	283,607
Balances at end of year	**$2,406,322**	($136,181)

The carrying values of equity instruments at FVOCI have been determined as follows:

	2020	2019
Balances at beginning of year	**$31,080,859**	$11,641,849
Additions	**3,362,999**	19,131,454
Redemption/disposal	**–**	(1,940,740)
Fair value changes during the year	**2,542,503**	2,248,296
Balances at end of year	**$36,986,361**	$31,080,859

Dividend income earned and received from equity instruments at FVOCI amounted to $1.73 million, $1.10 million and $0.69 million in 2020, 2019 and 2018, respectively.

Debt Instruments at Amortized Cost
In 2019, the Group acquired various fixed rate bonds from corporate bond issuers amounting to \$13.47 million (₱700.00 million). The various bonds pay interest at rates ranging from 4.70% to 5.10% per annum and will mature starting June 28, 2021 to May 6, 2026.

The carrying values of investments in bonds, classified as debt instruments at amortized cost, are as follows:

	2020	2019
Balances at beginning of year	**\$27,291,700**	\$12,990,099
Additions	**–**	13,465,080
Redemption	**(828,638)**	–
Unrealized foreign exchange gain	**1,534,482**	836,521
Balances at end of year	**\$27,997,544**	\$27,291,700

Interest income earned from investments in debt instruments at amortized costs amounted to \$1.78 million, \$1.99 million and \$0.57 million in 2020, 2019 and 2018, respectively.

10. Property and Equipment

	2020			
	Wells, Platforms and Other Facilities (Notes 1 and 8)	**Transportation Equipment**	**Office Furniture and Equipment**	**Total**
Cost				
Balances at beginning of year	**\$89,317,353**	**\$253,145**	**\$25,969**	**\$89,596,467**
Additions	**34,877**	**–**	**4,585**	**39,462**
Balances at end of year	**89,352,230**	**253,145**	**30,554**	**89,635,929**
Accumulated Depletion, Depreciation and Amortization				
Balance at beginning of year	**76,046,157**	**210,947**	**13,487**	**76,270,591**
Depletion, depreciation and amortization (Note 8)	**708,135**	**10,490**	**1,080**	**719,705**
Balances at end of year	**76,754,292**	**221,437**	**14,567**	**76,990,296**
Net Book Values	**\$12,597,938**	**\$31,708**	**\$15,987**	**\$12,645,633**

	2019			
	Wells, Platforms and Other Facilities (Notes 1 and 8)	Transportation Equipment	Office Furniture and Equipment	Total
Cost				
Balances at beginning of year	\$88,225,470	\$234,951	\$45,294	\$88,505,715
Additions	1,091,883	18,194	1,280	1,111,357
Retirement	–	–	(20,605)	(20,605)
Balances at end of year	89,317,353	253,145	25,969	89,596,467
Accumulated Depletion, Depreciation and Amortization				
Balance at beginning of year	74,551,458	202,769	33,689	74,787,916
Depletion, depreciation and amortization (Note 8)	1,494,699	8,178	403	1,503,280
Retirement	–	–	(20,605)	(20,605)
Balances at end of year	76,046,157	210,947	13,487	76,270,591
Net Book Values	\$13,271,196	\$42,198	\$12,482	\$13,325,876

In 2020 and 2019, the Group performed impairment test for the Wells, Platforms and Other Facilities of SC 14C1 due to the continued decline in the oil prices.

The recoverable amount of the Wells, Platforms and Other Facilities of SC 14C1 as at December 31, 2020 and 2019, respectively has been determined based on a value in use calculation using cash flow projections from work program and budget approved by senior management covering an eight-year period and five-year period as at December 31, 2020 and 2019, respectively and the work and budget for 2021 and 2020 approved by the DOE as at December 31, 2020 and 2019, respectively. The pre-tax discount rate applied to cash flow projections is 9.10% and 8.35% at December 31, 2020 and 2019, respectively. As a result of this analysis, management has not recognized any impairment for the Wells, Platforms and Other Facilities of SC 14C1 as at December 31, 2020 and 2019.

The calculation of value in use for the Wells, Platforms and Other Facilities of SC 14C1 is most sensitive to the forecasted oil prices which are estimated with reference to external market forecasts of Brent crude prices; volume of resources and reserves which are based on resources and reserves report prepared by third parties; capital expenditure, production and operating costs which are based on the Group's historical experience, approved work programs and budgets, and latest life of well models; and discount rate which were estimated based on the industry weighted average cost of capital (WACC), which includes the cost of equity and debt after considering the gearing ratio. The pre-tax discount rates applied to cash flow projections range from 9.10% to 10.00% and 8.35% to 9.35% as at December 31, 2020 and 2019, respectively.

Value in use is most sensitive to changes in discount rate and cash flows input. All things being equal, change of the discount rate to a rate higher than 53.71% and 22.62% as at December 31, 2020 and 2019 or a decrease in the forecasted oil prices of 22% or 5% for the eight-year period and five-year period as at December 31, 2020 and 2019, respectively would result to impairment of the Wells, Platforms and Other Facilities of SC 14C1.

11. Deferred Exploration Costs

The full recovery of the deferred oil exploration costs incurred in connection with the Group's participation in the acquisition and exploration of petroleum concessions is dependent upon the discovery of oil and gas in commercial quantities from the respective petroleum, concessions and the success of the future development thereof. Deferred exploration costs primarily relate to SC 6.

SC 6 and 6B Cadlao and Bonita Block
SC 6B Bonita Block is part of the retained area of the original SC 6 granted in 1973. The 10-year exploration period and the subsequent 25-year production period expired last February 2009.

In 2009, a 15-year extension period for the Bonita Block was requested from and subsequently granted by the DOE. The conditions for the grant of the 15-year extension period required the submission and implementation of a yearly work program and budget. It includes as well the financial assistance to the DOE for training and scholarships in geological and engineering studies. The term of SC 6 will expire on February 28, 2024.

In 2010, a third party expressed interest to farm-in to and acquire share in the interest in SC 6B by carrying out additional geoscientific studies with option to drill. The farm-in agreement was approved by the DOE in February 2011. The agreement requires the farm-in party to carry out a geological and geophysical program to evaluate the petroleum potential of SC 6B. After the study, the farm-in party have the option to acquire share in the interest in the block. The subsequent work program entails the drilling of a well and the production of hydrocarbons from such well.

In 2013, the farm-in agreement with a third party was not finalized and the participating interests of the joint venture partners reverted to the original interest participation distribution.

In 2014, the Bonita Block was granted a second Extension Period of five (5) years from March 2014 to March 2019. A work program and budget for the initial two-year extension period from March 2014 to March 2016 has been submitted to and approved by the DOE. These include the processing and interpretation of satellite gravity data and three-dimensional seismic data.

The joint operation continued to carry out reprocessing of three-dimensional seismic data through a geophysical company based in Kuala Lumpur, Malaysia. The reprocessed data will then be interpreted in-house to identify leads or prospects that could be possible targets for drilling.

In 2016, additional cost incurred for the yearly work program amounted to $610 by the Group.

In 2017, a European third party expressed interest to farm-in to the Bonita Block. A draft of the Farm-In Agreement was reviewed by the joint venture partners and was submitted to the DOE for their review and approval. The same third party was required in 2018 to submit a work program and budget as well as updated financial statements.

In 2018, one of the joint venturers, Phinma Energy Corporation (formerly, Trans-Asia Oil & Energy Corporation), relinquished its participating interest of 14.063% and assigned this to the remaining partners. The relinquishment and assignment of interest was approved by the DOE.

An in-house evaluation completed by the Operator, Philodrill, in early 2016 shows the East Cadlao Prospect has marginal resources which cannot be developed on a “stand-alone” basis. However, it remains prospective being near the Cadlao Field, which lies in another contract area. In view of this, the Consortium has requested for the reconfiguration of SC 6B to append the Cadlao Field for possible joint development in the future. On March 14, 2018, the DOE approved the annexation of SC 6 to SC 6B. Subsequently, a seismic reprocessing program over East Cadlao and Cadlao Field will now be undertaken.

On October 17, 2019, Philodrill, as the current operator of the SC 6B, received DOE’s approval for the transfer of 70% participating interest of the members of the consortium in SC 6B to Manta Oil Company Ltd. related to the letter dated October 30, 2018 submitted by Philodrill to the DOE documenting the request for the approval of the Deed of Assignment and transfer of participating interest.

As a result, the Parent Company’s interest in SC 6B decreased to 4.909%. A plan of development for the Cadlao Field and East Cadlao Prospect will be submitted to the DOE around June 2020. It will include the drilling of 1-2 deviated production wells.

In 2020, the work program and budget for the calendar year 2021 was submitted and approved by the DOE. The preparation and submission of a new Plan of Development (POD) was delayed due to the COVID-19 pandemic which caused travel restrictions and lockdowns. The POD should have been submitted by the 1st Quarter of 2021 for DOE evaluation. A request was made to the DOE for an extension for the submission of the new Cadlao POD. The extension request was granted up to December 2021.

In 2020, the Group performed impairment test for the deferred exploration costs since the service contract is near its expiration date.

The recoverable amount of the deferred exploration cost as at December 31, 2020 has been determined based on a value in use calculation using cash flow projections approved by senior management covering a six-year period. The pre-tax discount rate applied to cash flow projections is 9.10%. As a result of this analysis, management has not recognized any impairment for the deferred exploration costs.

The calculation of value in use for the deferred exploration costs is most sensitive to the forecasted oil prices which are estimated with reference to external market forecasts of Brent crude prices; volume of resources and reserves which are based on resources and reserves report prepared by the operations team; capital expenditure, production and operating costs which are based on the Group's historical experience, approved work programs and budgets, and latest life of well models; and discount rate which were estimated based on the industry weighted average cost of capital (WACC), which includes the cost of equity and debt after considering the gearing ratio. The pre-tax discount rates applied to cash flow projections range from 9.10% to 10.00% as at December 31, 2020

Value in use is most sensitive to the volume of resources and reserves. All things being equal, change of the volume of resources and reserves to barrels lower than 41.90% would result to impairment of the deferred exploration costs.

12. Accounts and Other Payables and Provision for Plug and Abandonment

	2020	2019
Accounts payable	**$168,375**	$709,202
Dividends payable	**240,274**	80,848
Subscriptions payable	**27,381**	27,381
Others	**6,993**	8,339
	$443,023	$825,770

Accounts payable mainly consist of unpaid legal service fees. These are noninterest-bearing and are normally settled in 30- to 60-day terms.

Dividends payable include amounts payable to the shareholders of the Parent Company.

Provision for Plug and Abandonment
In 2020, the two remaining Nido wells were successfully plugged and abandoned. The Group recognized plug and abandonment costs amounting to $0.13 million. As of December 31, 2020, there was no outstanding balance of the provision for the plug and abandonment.

In May 2019, seven production wells in Nido (3 out of 5), Matinloc (3), and North Matinloc (1) were successfully plugged and abandoned, while two remaining Nido wells were only partially abandoned due to difficulties encountered during the plugging operations. In 2019 and 2018, the Group recognized plug and abandonment and stripping costs amounting to $1.36 million and $2.86 million, respectively. As of December 31, 2019, outstanding balance of the provision for the plug and abandonment amounted to $0.83 million (see Note 8).

13. Capital Stock

Under the existing laws of the Republic of the Philippines, at least 60% of the Parent Company's issued capital stock should be owned by citizens of the Philippines for the Parent Company to own and hold any mining, petroleum or renewable energy contract area. As at December 31, 2020, total issued and subscribed capital stock of the Parent Company is 98.44% Filipino and 1.56% non-Filipino, as compared to 98.21% Filipino and 1.79% non-Filipino as at December 31, 2019.

As at December 31, 2020 and 2019, this account consists of:

	2020	2019
Class A - \$0.0004 (₱0.01) par value		
Authorized - 120 billion shares		
Issued and outstanding - 120 billion shares	**\$49,361,387**	\$49,361,387
Class B - \$0.0004 (₱0.01) par value		
Authorized - 80 billion shares		
Issued and outstanding - 80 billion shares	**32,907,591**	32,907,591
	82,268,978	82,268,978
Subscriptions receivable		
Subscribed - 475.97 million shares	**(277,710)**	(277,744)
Capital in excess of par value	**3,650,477**	3,650,477
	\$85,641,745	\$85,641,711

All shares of stock of the Parent Company enjoy the same rights and privileges, except that Class A shares shall be issued solely to Filipino citizens, whereas Class B shares can be issued either to Filipino citizens or foreign nationals. There were no issuances of additional common shares in 2020 and 2019.

The Parent Company's track record of capital stock follows:

	Number of shares registered	**Issue/offer price**	**Date of SEC approval**	**Number of holders as of yearend**
Listing by way of introduction	10,000,000,000	₱0.01	Mar. 24, 1970	
Additions:				
	2,500,000,000	0.01	Mar. 23, 1981	
	37,500,000,000	0.01	Aug. 5, 1988	
	50,000,000,000	0.01	Nov. 14, 1989	
	100,000,000,000	0.01	May 31, 1995	
December 31, 2015	200,000,000,000			11,859
Deduct: Movement	–			(32)
December 31, 2016	200,000,000,000			11,827
Deduct: Movement	–			(121)
December 31, 2017	200,000,000,000			11,706
Deduct: Movement	–			(74)
December 31, 2018	200,000,000,000			11,632
Deduct: Movement	–			(29)
December 31, 2019	200,000,000,000			11,603
Deduct: Movement	–			(9)
December 31, 2020	200,000,000,000			11,594

Cash Dividends
On June 25, 2020, the Parent Company's Board of Directors (BOD) approved the declaration of cash dividends of $0.00001 per share totaling to $2.00 million to the stockholders of record of common stocks as of July 24, 2020 coming from the Parent Company's unrestricted retained earnings as of December 31, 2019.

On June 27, 2019, the Parent Company's BOD approved the declaration of cash dividends of $0.00001 per share totaling to $1.94 million to the stockholders of record of common stocks as of July 26, 2019 coming from the Parent Company's unrestricted retained earnings as of December 31, 2018.

14. General and Administrative Expenses

	2020	2019	2018
Staff costs (Note 16)	**$521,861**	$530,862	$494,201
Taxes and licenses	**41,011**	11,976	8,026
Professional fees	**20,892**	22,287	16,300
Rent (Note 19)	**15,453**	14,080	13,057
Messengerial services	**8,478**	10,560	7,737
Transportation and communication	**8,429**	9,044	4,282
Advertising and publication	**2,894**	–	211
Insurance	**1,630**	1,589	1,502
Utilities	**1,296**	1,425	1,644
Entertainment, amusement and recreation	**483**	2,623	5,567
Printing	–	6,737	6,672
Registration and filing fees	–	184	75,875
Miscellaneous	**36,041**	14,859	13,817
	$658,468	$626,226	$648,891

Miscellaneous includes office supplies, repairs and maintenance, association/membership dues and bank charges.

15. Other Income

Other income includes refunds from standby letter of credit and reversal of long-outstanding payables in 2020 and 2019, respectively.

16. Retirement Plan

The Group has a funded, noncontributory defined benefit type of retirement plan covering substantially all of its employees. The benefits are based on defined contribution formula with a minimum lump-sum guarantee of one (1) month for every year of service up to 20 years and 1.5 months in excess of 20 years.

Under the existing regulatory framework, Republic Act (RA) 7641, the Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Group's retirement plan meets the minimum retirement benefit specified under RA 7641. The Group updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary. The latest actuarial report is dated January 22, 2019.

Components of pension expense in the consolidated statements of income included in general and administrative expenses under 'Staff costs' account are as follows:

	2020	2019	2018
Current service cost	**$38,882**	$26,193	$26,016
Interest cost on defined benefit obligation	**27,599**	18,021	13,785
Total pension expense	**$66,481**	$44,214	$39,801

Changes in the present value of defined benefit obligation follow:

	2020	2019
Balances at beginning of year	**$522,357**	$387,141
Current service cost	**38,882**	26,193
Interest cost on defined benefit obligation	**27,599**	18,021
Foreign currency translation adjustment	**29,396**	7,972
Remeasurement losses (gains) arising from:		
Experience adjustments	**(12,858)**	33,427
Financial assumptions	**2,929**	49,583
Demographic assumptions	**41,487**	–
Balances at end of year	**$649,792**	$522,337

The principal actuarial assumptions used in determining the pension liability for the Group's plan follow:

	2020	2019
Rate of salary increase	**5.70%**	5.70%
Discount rate	**3.77%**	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	Effect on defined benefit obligation **2020**	2019
Discount rates	+100 basis points	**($34,294)**	($23,955)
	-100 basis points	**40,080**	27,833
Future salary increases	+1.00%	**38,892**	39,414
	-1.00%	**($34,012)**	($26,926)

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which change other than those assumed may be deemed to be more reasonable.

The weighted average duration of the defined benefit obligation is 12.20 years and 12.85 years as of December 31, 2020 and 2019, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2020 and 2019:

	2020	2019
Less than 1 year	**$362,464**	$322,023
More than 1 year to 5 years	**27,829**	28,296
More than 5 years	**1,046,656**	998,355

17. **Income Tax**

Provision for (benefit from) income tax consists of:

	2020	2019	2018
Current			
RCIT	**$–**	$–	$183,138
Final	**405,580**	497,316	376,749
	405,580	497,316	559,887
Deferred	**1,107,870**	(569,664)	(510,343)
	$1,513,450	($72,348)	$49,544

The Group's net deferred tax liabilities as of December 31, 2020 and 2019 are detailed below:

	2020	2019
Deferred tax assets on:		
Pension liability	**$194,938**	$153,536
NOLCO	**–**	579,228
Unrealized foreign exchange loss	**–**	344,792
Provision for plug and abandonment	**–**	240,152
	194,938	1,317,708
Deferred tax liability on:		
Unrealized foreign exchange gain	**(110,378)**	–
Excess of book over tax base of property and equipment	**(1,541,079)**	(1,675,824)
	($1,456,519)	($358,116)

As of 2020, the Group did not recognize deferred tax assets on NOLCO amounting to $0.94 million, since it is not probable that sufficient taxable income will be available against which can be utilized.

<u>NOLCO</u>

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2019, the Group has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Amount	Applied/Expired	Balance	Expiry Year
2019	$1,930,543	$−	$1,930,543	December 31, 2022

As of December 31, 2020, the Group has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Amount	Applied/Expired	Balance	Expiry Year
2020	$1,158,356	$−	$1,158,356	December 31, 2025

The reconciliation of the statutory income tax rate to the effective income tax follows:

	2020	2019	2018
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effects of:			
Nondeductible expense	**23.98**	268.89	85.55
Changes in unrecognized deferred tax assets on deductible temporary differences	**51.77**	15.15	(43.06)
Dividend income	**(21.44)**	(68.26)	(10.63)
Interest income subjected to final tax	**(24.20)**	(146.85)	(31.27)
Income exempt from tax	**(11.74)**	(197.84)	(92.22)
Others	**(10.62)**	95.71	67.10
Effective income tax rate	**37.75%**	(3.20%)	5.47%

18. Basic/Diluted Earnings Per Share

The Group's earnings per share were computed as follows:

	2020	2019	2018
Net income	**$2,495,454**	$2,331,090	$855,287
Divided by weighted average number of common shares outstanding	**200,000,000,000**	200,000,000,000	200,000,000,000
	$0.000012	$0.000012	$0.000004

There were no outstanding potentially dilutive common shares for the years ended December 31, 2020, 2019 and 2018.

19. Related Party Transactions

Parties are 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; and the parties are subject to common control. Related parties may be individuals or corporate entities.

The amounts and the balances arising from the significant related party transactions are as follows:

	2020			
	Amount/ Volume	**Outstanding Balance**	**Terms**	**Conditions**
Entities under common control of JGSHI				
a. Cash and cash equivalents (Note 6)	**$–**	**$7,038,106**	Interest-bearing at prevailing market rate; 0.50% to 1.00% per annum; due and demandable	No impairment
Short-term investments (Note 9)	**1,034,175**	–	Interest-bearing at prevailing market rate; 4.00% per annum; due and demandable	No impairment
Interest income	**86,104**	–	–	–
b. Rent (Note 14)	**15,453**	–	Noninterest-bearing payable on demand	Unsecured

	2019			
	Amount/ Volume	Outstanding Balance	Terms	Conditions
Entities under common control of JGSHI				
a. Cash and cash equivalents (Note 6)	$–	$522,141	Interest-bearing at prevailing market rate; 1.625% to 3.75% per annum; due and demandable	No impairment
Interest income	62,274		–	–
b. Rent (Note 14)	14,080	–	Noninterest-bearing payable on demand	Unsecured

a. The Group has money market placements with an affiliated bank, a subsidiary of a stockholder.

b. The Group entered into a lease agreement with an affiliate covering the office space it occupies, which is renewable annually. The Group applied the 'short-term lease' and lease of 'low-value assets' recognition exemption for these leases. Total rental expense recognized in general and administrative expenses under the consolidated statement of comprehensive income under these lease agreements amounted to $15,453 and $14,080 for the years ended December 31, 2020 and 2019, respectively.

Compensation of key management personnel of the Group follows:

	2020	2019	2018
Short-term employee benefits	**$294,637**	$264,050	$246,537
Post-employment benefits	**87,656**	57,657	20,373
	$382,293	$321,707	$266,910

20. **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments comprise of cash in banks and cash equivalents, receivables, short-term and long-term investments, equity instruments at FVOCI, debt instruments at amortized costs and accounts and other payables (excluding statutory liabilities). The main objectives of the Group's financial risk management are as follow:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The main risks arising from the Group's financial instruments are liquidity, credit, foreign currency, and equity price risk.

The Group's risk management policies are summarized below:

a) *Liquidity risk*
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group seeks to manage its liquidity profile to be able to finance its operations, capital expenditures and service maturing debts.

The Group monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.

As of December 31, 2020 and 2019, all financial liabilities are expected to mature within one (1) year. All commitments up to a year are either due within the time frame or are payable on demand.

The table below summarizes the maturity profile of the Group's financial assets and liabilities based on remaining undiscounted contractual obligations:

	2020			
	On Demand	**Less than a year**	**One year or more**	**Total**
Financial Assets				
Cash in banks and cash equivalents	**$695,521**	**$14,603,112**	**$–**	**$15,298,633**
Receivables:				
Due from operators	**1,158,466**	–	–	**1,158,466**
Interest receivable	–	**223,495**	–	**223,495**
Dividend receivable	–	**182,280**	–	**182,280**
Investments:				
Short-term investments	–	**1,034,175**	–	**1,034,175**
Equity instruments at FVOCI	–	–	**36,986,361**	**36,986,361**
Debt instruments at amortized cost	–	–	**27,997,544**	**27,997,544**
	1,853,987	**16,043,062**	**64,983,905**	**82,880,954**
Other Financial Liabilities				
Accounts and other payables*	**435,230**	–	–	**435,230**
Net exposure	**$1,418,757**	**$16,043,062**	**$64,983,905**	**$82,445,724**

**Excludes statutory payables*

	2019			
	On Demand	Less than a year	One year or more	Total
Financial Assets				
Cash in banks and cash equivalents	$238,818	$17,648,835	$–	$17,887,653
Receivables				
Due from operators	455,224	–	–	455,224
Interest receivable	–	262,297	–	262,297
Dividend receivable	176,974	87,467	–	264,441
Other receivables	–	530	–	530
Investments:				
Short-term investments	–	1,501,897	–	1,501,897
Equity instruments at FVOCI	–	–	31,080,859	31,080,859
Debt instruments at amortized cost	–	–	27,291,700	27,291,700
	871,016	19,501,026	58,372,559	78,744,601
Other Financial Liabilities				
Accounts and other payables*	191,648	625,783	–	817,431
Net exposure	$679,368	$18,875,243	$58,372,559	$77,927,170

**Excludes statutory payables*

Correspondingly, the financial assets that can be used by the Group to manage its liquidity risk consist of cash in banks and cash equivalents, receivables and equity instruments at FVOCI as of December 31, 2020 and 2019, which are usually on demand or collectible within a term of 30 days.

b) *Credit risk*
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with its dealers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The investment of the Group's cash resources is managed to minimize risk while seeking to enhance yield. The holding of Equity instruments at FVOCI, and Debt instruments at amortized cost exposes the Group to credit risk of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets, if the counterparty is unwilling or unable to fulfill its obligation. Credit risk management involves entering into transactions with counterparties that have acceptable credit standing.

The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position:

	2020	2019
Financial assets at amortized cost		
Cash in banks and cash equivalents	**$15,298,633**	$17,887,653
Short-term investments	**1,034,175**	1,501,897
Due from operators	**1,158,466**	455,224
Interest receivable	**223,495**	262,297
Dividend receivable	**182,280**	264,441
Other receivables	–	530
Debt instruments at amortized cost	**27,997,544**	27,291,700
Equity instruments at FVOCI	**36,986,361**	31,080,859
	$82,880,954	$78,744,601

In 2020 and 2019, the Group's cash in banks and cash equivalents and short-term investments are considered high-grade while the remaining financial assets are considered standard grade. The Group uses the following criteria to rate credit quality:

Class	Description
High Grade	Financial assets that are deposited in/or transacted with reputable banks which have low probability of insolvency
Standard Grade	Financial assets of companies that have the apparent ability to satisfy its obligations in full

c) *Foreign currency risk*
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are carried out in Philippine Peso and its exposure to foreign currency exchange risk arises from purchases in currencies other than the Group's functional currency. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits in the type of business in which the Group is engaged.

The Group's foreign exchange risk results primarily from movements of U.S. Dollar against other currencies. As a result of the Group's investments and other transactions in Philippine Peso, the consolidated statements of income can be affected significantly by movements in U.S. Dollars.

The following table shows the foreign currency-denominated assets and liabilities expressed in Philippine Peso (PHP) and their U.S. Dollar (USD) equivalents as of December 31:

	2020		2019	
	In PHP[1]	**In USD**	In PHP[1]	In USD
Financial Assets				
Cash and cash equivalents	**₱218,650,757**	**$4,550,169**	₱305,814,535	$6,026,615
Short-term investments	**49,677,630**	**1,034,175**	–	–
Dividend receivable	**8,756,002**	**182,280**	13,417,746	264,441
Interest receivable	**10,506,320**	**218,717**	12,338,852	243,159
Equity instruments at FVOCI	**1,776,676,837**	**36,986,361**	1,575,264,261	31,080,859
Debt instruments at amortized cost	**1,344,890,024**	**27,997,544**	1,384,890,000	27,291,700
	3,409,157,570	**70,969,246**	3,291,725,394	64,906,774
Other Financial Liabilities				
Accounts and other payables	**21,281,053**	**443,023**	15,815,761	311,677
Net foreign currency- denominated assets	**₱3,387,876,517**	**$70,526,223**	₱3,275,909,633	$64,595,097

[1] *The exchange rates used as of December 31, 2020 and 2019 are $0.02081 to ₱1 and $0.01972 to ₱1, respectively.*

The following table demonstrates sensitivity to a reasonably possible change in the Philippine Peso exchange rate, with all other variables held constant, of the Group's income before income tax in 2020 and 2019. There is no other impact on the Group's equity other than those already affecting income.

The sensitivity is based on the historical volatility of exchange rate of US Dollar against Philippine Peso during the current year. The analysis is based on the assumption that current year's volatility will be the same in the following year.

	Change in PHP rate	Effect on income before income tax
2020	**+1.17%**	**($831,861)**
	-1.17	**831,861**
2019	+3.84%	($2,480,452)
	-3.84	2,480,452

d) *Equity price risk*

Equity price risk is the risk that the fair values of investments in quoted equity securities could decrease as a result of changes in the prices of equity indices and the value of individual stocks. The Group is exposed to equity securities price risk because of investments held by the Parent Company, which are classified in the consolidated statements of financial position as equity instruments at FVOCI.

The following table shows the sensitivity of the Group's equity (through OCI) from changes in the carrying value of the Group's equity instruments at FVOCI due to reasonably possible changes in the Philippine Stock Exchange index (PSEi), with all other variables held constant. The analysis links PSEi changes, which proxies for general market movements, to individual stock prices through adjusted betas of each individual stock. Betas are coefficients depicting the sensitivity of individual stock prices to market movements.

The sensitivity is based on the historical volatility of PSEi for the current year. The analysis is based on the assumption that current year's PSEi volatility will be the same in the following year

	Percentage Change in PSEi	Effect on income before income tax
2020	**+33%**	**$12,093,322**
	-33	**(12,093,322)**
2019	+14%	$4,351,320
	-14	(4,351,320)

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders or issue new shares.

The Group considers its capital stock (net of any subscription receivable) and retained earnings which amounted to $90.70 million and $90.20 million as of December 31, 2020 and 2019, respectively, as its capital employed. No changes were made in the objectives, policies or processes during the years ended December 31, 2020 and 2019.

Fair Values
Due to the short-term nature of the transactions, the carrying values of cash in banks and cash equivalents, receivables, short-term investments, accounts and other payables (excluding statutory liabilities) approximate the fair value.

The fair value of the equity instruments at FVOCI that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business as of the reporting date.

The fair value of the debt instruments at amortized cost that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business as of the reporting date. Fair value and carrying value of debt instruments at amortized cost amounted to $28.00 million and $27.29 million as at December 31, 2020 and 2019, respectively (see Note 9).

Fair Value Hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2020 and 2019, the fair value of equity instruments at FVOCI under Level 1 hierarchy amounted to $36.99 million and $31.08 million, respectively (see Note 9).

There has been no transfer from Level 1 to Level 2 or 3 categories in 2020, 2019 and 2018.

21. Operating Segment

Operating segments are components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the basis that is used internally for evaluating segment performance and allocating resources to segments. The Group only operates in one geographical location, thus, no information on geographical segments is presented.

The Group derives its revenues only from the participating interests in various SCs of the Parent Company and LOGPOCOR, with segment assets and liabilities amounting to \$96.45 million and \$2.55 million, respectively, as of December 31, 2020 and \$93.41 million and \$2.52 million, respectively, as of December 31, 2019. Segment's revenue and net income amounted to \$1.28 million and \$2.31 million, respectively, in 2020, \$4.25 million and \$2.33 million, respectively, in 2019 and \$7.69 million and \$0.86 million, respectively, in 2018. Business segments involved in furniture manufacturing and distribution and real estate have ceased operations in 1994. Segment assets and segment liabilities exclude deferred tax assets and liabilities.

22. Subsequent Events and Other Matters

COVID-19 Pandemic

The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country starting March 16, 2020 have caused disruptions in the Group's business activities. However, there have been easing of quarantine measures in key areas in the Philippines and the rollout of the national vaccination program is expected to further improve market activities. As of reporting date, Metro Manila is placed under Enhanced Community Quarantine (ECQ).

SPA and farm-out agreement in respect of SC 14 Block C-2 West Linapacan

On January 7, 2020, the Group and other members of the Consortium of the service contract entered into a SPA and farm-out agreement with a third party for the sale and assignment of the 28.21% interest of the Group in SC 14 Block.

On March 31, 2021, the SPA and farm-out agreement has been terminated.

The carrying value of wells, platforms and other facilities from SC 14 Block C-2 amounted to \$10.83 million as of December 31, 2020 and 2019.

CREATE Act

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Group would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Group for CY2020 is 27.5%. This will have no impact on the provision for current income tax for the year ended December 31, 2020 and income tax payable as of December 31, 2020.

- This will result in lower deferred tax assets and liabilities as of December 31, 2020 and provision for deferred tax for the year then ended by $0.44 million. These reductions will be recognized in the 2021 consolidated financial statements.

23. Approval of Consolidated Financial Statements

The consolidated financial statements were authorized for issue by the BOD on April 20, 2021.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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1226 Makati City
Philippines

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ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Oriental Petroleum and Minerals Corporation
34th Floor, Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Oriental Petroleum and Minerals Corporation and its Subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated April 20, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Ysmael S. Acosta
Partner
CPA Certificate No. 112825
SEC Accreditation No. 1744-A (Group A),
March 14, 2019, valid until March 13, 2022
Tax Identification No. 301-106-775
BIR Accreditation No. 08-001998-130-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534209, January 4, 2021, Makati City

April 20, 2021

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October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Oriental Petroleum and Minerals Corporation
34th Floor, Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Oriental Petroleum and Minerals Corporation and its Subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, included in this Form 17-A, and have issued our report thereon dated April 20, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statement and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for the purpose of complying with Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ysmael S. Acosta
Partner
CPA Certificate No. 112825
SEC Accreditation No. 1744-A (Group A),
March 14, 2019, valid until March 13, 2022
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April 20, 2021

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
SEC FORM 17 - A

CONSOLIDATED FINANCIAL STATEMENTS

SUPPLEMENTARY SCHEDULES

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SRC RULE 68

DECEMBER 31, 2020

Schedule A. Financial Assets

The Group's financial assets include investments in quoted equity securities and corporate bonds.

Below is the detailed schedule of financial assets in equity securities and corporate bonds of the Group as of December 31, 2020:

Name of Issuing Entity and Association of Each Issue	Amount Shown in the Consolidated Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
Debt Instruments at Amortized Cost			
Various	$27,997,544	$27,997,544	$1,785,020
Equity Instruments at Fair Value through Other Comprehensive Income			
Various	36,986,361	36,986,361	1,733,762
Total	$64,983,905	$64,983,905	$3,518,782

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

The Group has no receivable from directors, officers, employees, related parties and principal stockholders above ₱1 million ($20,818) or 1% of total consolidated assets as of December 31, 2020.

Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivables (payables) with related parties, which are eliminated in the consolidated financial statements as of December 31, 2020.

	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at end of period
Linapacan Oil, Gas and Power Corporation	($19,492,249)	($46,697)	$–	$–	$–	($19,538,946)	($19,538,946)
Oriental Land Corporation	(8,123)	–	–	–	–	(8,123)	(8,123)
Oriental Mahogany Woodworks, Inc.	96,369	–	–	–	–	96,369	96,369
	($19,404,003)	($46,697)	$–	$–	$–	($19,450,700)	($19,450,700)

Schedule D. Intangible Asset

The Group has no intangible asset as of December 31, 2020.

Schedule E. Long-term Debt

The Group has no long-term debt as of December 31, 2020.

Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

The Group has no outstanding liabilities to related parties as of December 31, 2020.

Schedule G. Guarantees of Securities of Other Issuers
The Group does not have guarantees of securities of other issuers as of December 31, 2020.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	200,000,000,000	200,000,000,000	–	80,716,006,109	3,079,201,379	116,204,792,512

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

ANNEX 68-D. RECONCILIATION OF UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2020

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year		$4,843,234
Net income based on the face of audited financial statements	$2,582,906	
Less: Non-actual/unrealized income net of tax		
• Amount of recognized DTA that reduced the amount of income tax expense	–	
• Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	(1,311,715)	
• Equity in net income of associate/joint venture	–	
• Unrealized actuarial gain	–	
• Fair value adjustment (mark-to-market gains)	–	
• Fair value adjustment of investment property resulting to gain	–	
• Adjustment due to deviation from PFRS - gain	–	
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Add: Non-actual losses		
• Depreciation on revaluation increment (after tax)	–	
• Adjustment due to deviation from PFRS - loss	–	
• Loss on fair value adjustment of investment property (after tax)	–	
Net income actually earned during the period		1,271,191
Less:		
• Dividends declaration during the period	$1,997,122	
• Realized loss on redemption/disposal of equity instruments at FVOCI transferred to retained earnings	–	
• Appropriations of retained earnings during the period	–	
• Reversals of appropriations	–	
• Effects of prior period adjustments	–	
• Treasury shares	–	
		1,997,122
Unappropriated Retained Earnings, available for dividend distribution		$4,117,303

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

ANNEX 68-E. SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

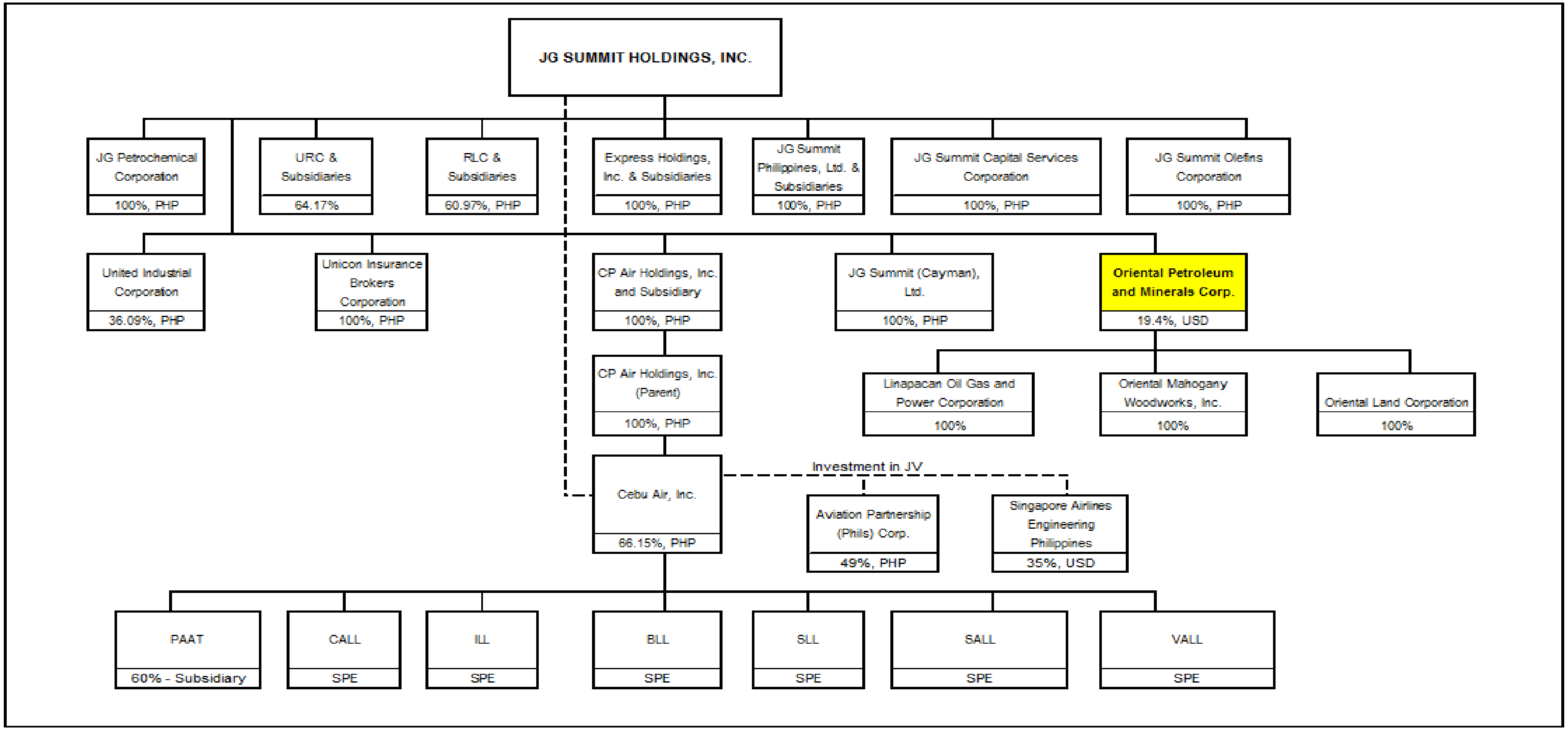
Below are the financial ratios that are relevant to the Group for the years ended December 31, 2020 and 2019:

Financial ratios		**2020**	2019
Current ratio	Current assets (CA) / Current liabilities (CL)	**40.98:1**	12.81:1
Acid test ratio	Current assets (CA) – Inventory – Prepayments / Current liabilities (CL)	**40.40:1**	12.41:1
Solvency ratio			
Debt-to-equity ratio	Not Applicable		
Asset-to-equity ratio	Total assets / Total equity	**1.03:1**	1.03:1
Interest rate coverage ratio	Not Applicable		
Return on equity	Net income / Average equity	**2.66%**	2.56%
Return on assets	Net income / Average assets	**2.70%**	2.60%
Net profit margin	Net income / Total Revenue	**195.37%**	54.87%
Net working capital ratio	CA – CL / Total assets	**0.18:1**	0.21:1

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

FOR THE YEAR ENDED DECEMBER 31, 2020



Oriental Petroleum and Minerals Corporation
2020 Sustainability Report in Compliance with the SEC Sustainability Reporting Guidelines for Publicly Listed Companies

Contextual Information

Company Details	
Name of Organization	Oriental Petroleum and Minerals Corporation (OPMC)
Location of Headquarter	34th Floor Robinson's Equitable Tower, ADB Avenue, Ortigas Center, Pasig City
Location of Operations	Offshore Northwest Palawan
Report Boundary: Legal Entities included in this report*	
Business Model, including Primary Activities, Brands, Products and Services	Oil and Gas Exploration
Reporting Period	January 1, 2020 to December 31, 2020
Highest Ranking Person responsible for this report	Ma. Riana C. Infante CFO and Compliance Officer

*If you are a holding Company, you could have an option whether to report on the holding Company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.

Materiality Process

Explain how you applied materiality principle (or the materiality process) in identifying your material topics
Oriental Petroleum and Minerals Corporation is a publicly- listed Company which undertakes upstream petroleum operations in offshore North West Palawan, Philippines. OPMC has a Joint Venture Partnership with several industry players to perform petroleum activities within Service Contracts 6 and 14. Materiality assessment in defining the content of this report was done based on the Company's 50 years of experience in the oil exploration industry. The Company identified key areas that are materially relevant for a sustainable operation and that will give value to its stakeholders. It acknowledges the risk involved in this industry thus, strategic partnerships are well evaluated to ensure that work program and budgets are carried out as planned.

ECONOMIC

Economic Performance
Direct Economic Value Generated and Distributed

Disclosure	Amount (in thousands)	Units
Direct Economic Value Generated (revenue)	1,277	US$
Direct economic value distributed:		
a. Operating costs	1,678	US$
b. Employee Wages and Benefits	522	US$
c. Payments to suppliers, other operating costs	856	US$
d. Dividends given to stockholders	1,997	US$
e. Taxes given to government	568	US$
f. Investments to community (e.g donations, CSR)*	*still gathering data*	US$

*Galoc Consortium's CSR in Palawan

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
As a pioneer in the oil exploration industry, OPMC has contributed in the early life of the Philippines' Petroleum Industry. Through various Joint Ventures, the Company was able to explore oilfields in the country that generated economic value not only for the Company but for other stakeholders including the government. It continues to directly and indirectly support employment in the country through its operations.	- Stockholders - Employees - Community - Government	OPMC remains supportive of the different projects of the Joint Ventures that will promote sustained operations thereby ensuring continued employment and support to the government.
What are the risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
In 2020, the risks identified were the decline in production volume as a result of natural decline in the oil reserve and the Covid-19 pandemic that led to oversupply and low oil prices. The decline in production is common for mature oil fields such as the Galoc Oilfield. The Coronavirus Pandemic greatly affected the oil market.	- Stockholders - Customers - Government	In order to mitigate the risks, the Company, together with its partners in the Consortia, continue to explore ways on how to combat the natural decline of the oil reserve. This includes studies on drilling new wells, re-opening of previous production wells to enhance oil recovery. Moreover, during the pandemic the Galoc

Global lockdowns and travel restrictions were imposed to stop the spread of the virus. The worldwide demand for oil fell rapidly as businesses, schools and transportation were shut due to the pandemic. Brent Crude Oil prices plunged from US$70/bbl in January 2020 to as low as US$9/bbl in April 2020.		consortium managed to renegotiate key contracts and organizational restructuring to deliver significant cost savings, thus reducing the operational expenses.
What is/are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
OPMC is currently looking into its possible participation in the Department of Energy's Philippine Conventional Energy Contracting Program (PCECP), where the Company can acquire rights to explore and develop a potential petroleum area. Acquisition of new petroleum areas may lead to the discovery of economically profitable oilfields that can be extracted to sustain the country's growing energy demand.	- Stockholders - Customers - Government - Community	The management has been very supportive in the Company's pursuit to venture in new oil and gas fields in the Philippines by providing financial and technical assistance needed to participate in DOE's PCECP.

Climate- related risks and opportunities

OPMC is a Joint Venture Partner of Galoc Production Company (Service Contract Operator) in an Oil Producing Field located in offshore NW Palawan known as the Galoc Field Area Development Project or the GFAD Project. It started operation in 2008 and as of **December 2020, has produced more than 22.1 million barrels of oil**. The oil is produced by utilizing a ship known as Floating Production Storage and Offloading (FPSO).

The Galoc reservoir contains both oil and associated gas in the form of condensates. During the oil extraction, GPC usually flares the condensates. Flaring of the gas releases methane and carbon dioxide, which are major greenhouse gases. These gases are the major contributor of global warming leading to climate change.

In relation to this, the consortium is continuously looking into different new technologies to minimize the effects of flaring especially to climate change.

Procurement Practices – Not material

Proportion of spending in local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material impact.	Not applicable	Not applicable
What are the risk/s identified?	Which stakeholders are affected?	Management Approach
No identified material risks.	Not applicable	Not applicable
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
No identified opportunities.	Not applicable	Not applicable

Anti- corruption – not material

Training on Anti- corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to		%
Percentage of business partners to whom the organization's anti- corruption policies and procedures have been communicated to		%
Percentage of directors and management that have received anti- corruption training		%
Percentage of employees that have received anti- corruption training		%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material impact.	Not applicable	Not applicable
What are the risk/s identified?	Which stakeholders are affected?	Management Approach
No identified material risks.	Not applicable	Not applicable
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
No identified opportunities.	Not applicable	Not applicable

Incidents of Corruption – The Company has no reported incidents of corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	None	%
Number of incidents in which employees were dismissed or disciplined for corruption	None	%
Number of incidents when contracts with business partners were terminated due to incidents of corruption	None	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material impact.	Not applicable	Not applicable
What are the risk/s identified?	Which stakeholders are affected?	Management Approach
No material risk identified.	Not applicable	Not applicable
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
No identified opportunities.	Not applicable	Not applicable

Explanation:

The Company and its employees have always been transparent in all their dealings with the partners, government agencies and other stakeholders. As indicated in the Company's Revised Corporate Governance Manual, the Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. The same shall be disseminated to all employees across the Corporation through trainings to embed them in the Company's culture.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	51,657.12[1][2]	GJ
Energy consumption (diesel)	6,516.35[2]	GJ
Energy consumption (electricity)	0	kWh

[1] Value converted from MMBTU to GJ as per data provided by GPC.
[2] Natural Gas value instead of LPG.

Reduction of energy consumption:

Disclosure	Quantity	Units
Energy reduction (gasoline)	0	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	0	GJ
Energy reduction (diesel)	0	kWh
Energy reduction (gasoline)	0	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Since the production facility is located offshore, the energy consumption for the FPSO operations is not from the national grid. Much of the energy consumption is through diesel combustion using generators and natural gas to power the whole production facility.	- Field employees	The management also decided that aside from extracting energy from diesel combustion, part of the produced gas associated with oil production will also be used for power generation of certain facilities in the FPSO to minimize diesel combustion.
What are the risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
No identified material risk.	Not applicable	Not applicable
What are the opportunity/ies identified?	**Which stakeholders are eeleaffected**	**Management Approach**
No identified opportunities.	Not applicable	Not applicable

Explanation:

In Petroleum Service Contracts, it is the Operator of a Service Contract (SC) who secures the rights to explore and exploit a petroleum area. At present, the only producing oilfield where the Company is a member of is the Galoc Oilfield also known as SC-14C, where GPC is the Operator. As the Operator of SC-14C, GPC has commitments to practice environmental and social sustainability in compliance with their Environment Compliance Certificate and Environmental Management Plan. GPC submits quarterly and annual reports to the Department of Environment and Natural Resources – Environment Management Bureau (DENR- EMB) such as Compliance Monitoring Report and Self- Monitoring Reports which present and discuss GPC's quarterly energy consumption. The Floating Production Storage and Offloading (FPSO) which is basically a marine vessel in the middle of the sea, utilizes generators powered by diesel to be able to generate electricity and support the electrical needs of the production facility and the accommodation units. Moreover, diesel is needed to run the vessel.

Water consumption within the organization:

Disclosure	Quantity	Units
Water Withdrawal	0	Cubic meters
Water consumption	0	Cubic meters
Water recycled and reused	0	Cubic meters

- No data for water consumption provided by the Operator, GPC.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material impact.	Not applicable	Not applicable
What are the risk/s identified?	Which stakeholders are affected?	Management Approach
No identified material risk.	Not applicable	Not applicable
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
No identified opportunities.	Not applicable	Not applicable

Explanation:

As mentioned above, resource management such as water and energy consumptions, is being managed by the Operator of the Service Contract. It is a common practice in the petroleum industry to have a water maker that would usually convert seawater to potable water. Recycling of water is also necessary especially for offshore production where supply of readily available potable water is limited.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight		
• Renewable	0	Cubic meters
• Non- renewable	0	Cubic meters
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material impact.	Not applicable	Not applicable
What are the risk/s identified?	Which stakeholders are affected?	Management Approach
No identified material risk.	Not applicable	Not applicable
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
No identified opportunities.	Not applicable	Not applicable

Explanation:

GPC, being the Operator of SC-14C, plans the activities in the GFAD. Each equipment and materials in the FPSO undergone technical evaluation and is designed accordingly for the safety and well- being of the production facilities and the FPSO. The management of the renewable and non- renewable resources in the FPSO is duly managed by GPC.

Ecosystems and biodiversity (whether in upland/ watershed or coastal/marine

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Please see explanation below	
Habitats protected or restored	None	ha
Water recycled and reused	0	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material impact.	Not applicable	Not applicable
What are the risk/s identified?	Which stakeholders are affected?	Management Approach
No identified material risk.	Not applicable	Not applicable
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
No identified opportunities.	Not applicable	Not applicable

Explanation:

Both the Nido- Matinloc and the Galoc Oilfields are located in offshore Northwest Palawan. They are about 25-km from El Nido, which is a famous tourist spot in the Philippines. However, both fields are not located anywhere near a protected site or areas of high biodiversity. In fact, during the last underwater survey done during the decommissioning and abandonment of the Nido and Matinloc Platforms, Philodrill, the Service Contract Operator for the Nido-Matinloc Oilfield, found that coral reefs bloomed in the legs of the platforms and many marine animals are dwelling within the platforms. These are proofs that the water column is healthy and habitable. There were also plans that these platforms can be used for recreational diving sites in the future. Moreover, before awarding the service contract, protected sites are being identified and carved out by the DOE from the service contract. Thus, protected areas are not included within the service contract areas.

Environmental Impact Management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (scope 1) GHG Emissions	322,327.37 [3] [4]	Tonnes
Energy indirect (Scope 2) GHG Emissions	0	Tonnes
Emissions of ozone- depleting substances (ODS)	0	Tonnes

[3] Combined values of CO2, N2O, and CH4 emitted from the flaring facility and fuel combustion

[4] Emission rate estimates of the GFAD Floating Production Storage Offloading (FPSO) Vessel for the year 2020

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management Approach
Associated gas in oil production is usually being flared (burn away the gas) in the flaring facility and fuel combustion are categorized as Direct (Scope 1) GHG emission. The Consortium, during the commencement of the production stage, decided to flare the associated gas for it is in minimal quantity and uneconomical. Moreover, processing the gas will also need a different production facility aside from the existing oil facility.	• JV Consortium • Field Employees • Government	The Service Contract Operator regulates the emission of Scope 1 and 2 on a daily basis by providing a Daily Production Report to the JV partners and the Department of Energy (DOE). The Operator ensures that daily gas emissions are acceptable and compliant with its Environmental Compliance Certificate issued by the Department of Environment and Natural Resource (DENR).
What are the risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
Unregulated GHG emissions can lead to unacceptable values of GHG that are not compliant to the project’s ECC and would result into fines and penalties from the DENR. Moreover, too much GHG emission can accelerate global warming that can lead to human- induced climate change. Flaring of gas, and production of oil in general, is considered as a very high-risk process when it comes to safety and hazard. One unsafe act can lead to a chain of unfortunate events and can endanger the entire production facility and all crew onboard. Damaging the production facility can lead to oil leaks/ spill.	• JV Consortium • Field employees • Government • Community	The consortium is continuously looking into different new technologies to minimize the effects of flaring especially to climate change. The Consortium strictly ensures the safety of all its field employees. Survival measures are being implemented in the FPSO by giving proper safety training to its crew as well as posting of safety warnings in the FPSO.
What are the opportunity/ies identified?	**Which stakeholders are affected**	**Management Approach**
There have been various innovations in the oil and gas industry that aims to minimize the emission of harmful air pollutants.	• JV Consortium • Field employees • Government • Community	The JV Consortium has been very supportive in pursuing alternative ways to attain a sustainable energy that would promote less harmful gases and air pollutant emissions.

Explanation: GPC submits its quarterly and annual reports to the Department of Environment and Natural Resources – Environment Management Bureau (DENR- EMB) such as Compliance Monitoring Report and Self- Monitoring Reports which present and discuss the potential air and water pollutants. In the oil and gas industry, flaring is usually done, and it releases methane and carbon dioxide, which are the major greenhouse gases. GPC declares its Greenhouse gas emission on its quarterly and annual report.

Air Pollutants

Disclosure	Quantity	Units
NOx	142, 360[5]	kg
Sox	4.0[6]	kg
Persistent organic pollutant (POPs)	0	kg
Volatile Organic Compounds (VOCs)	228,440[7]	kg
Hazardous air pollutants (HAPs)	767,610 [8]	kg
Particulate Matter (PM)	280.0	kg

[5] Combined values of NOx emitted from the flaring facility and fuel combustion
[6] Combined values of SOx emitted from the flaring facility and fuel combustion
[7] VOC from flaring facility
[8] Carbon Monoxide as Hazardous Air Pollutant

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The air pollutants are the combined values of the emissions from the flaring facility and the fuel combustion in the FPSO. Some of the air pollutants are dissolved within the hydrocarbons or sometimes the by-product of the hydrocarbon extraction.	• JV Consortium • Field employees • Government	The Operator strictly regulates and reports the emission of air pollution on a quarterly and annual basis by providing a Compliance Monitoring Report and Self- Monitoring Reports to the DENR and the DOE. The management ensures that air pollutant emissions are acceptable and compliant with its Environmental Compliance Certificate issued by the DENR.
What are the risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
Unregulated air pollutant emissions can lead to unacceptable values above the required standards set by the DENR and as stated in the project's ECC. This would result into fines and penalties from the DENR.	• JV Consortium • Field employees • Government • Community	The Operator has set up competent team and uses advanced technologies to be able to strictly regulate the air pollutant emissions from the FPSO. It also submits quarterly and annual Compliance Monitoring Report and Self- Monitoring Reports to the DENR and the DOE to declare

		its quarterly and annual total air pollutants emission.
What are the opportunity/ies identified?	**Which stakeholders are affected**	**Management Approach**
There have been various innovations in the oil and gas industry that aims to minimize the emission of harmful air pollutants.	• JV Consortium • Field employees • Government • Community	The JV Consortium has been very supportive in pursuing alternative ways to attain a sustainable energy that would promote less harmful gases and air pollutant emissions.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total Solid Waste Generated	304,000[9]	kg
Reusable	0	kg
Recyclable	0	Kg
Composted	0	Kg
Incinerated	0	Kg
Residuals/ Landfilled	0	kg

[9] Data provided by Galoc Production Company

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The FPSO facilities generates waste from packaging materials necessary in the operation such as food waste, plastics, metals, carton boxes, glass, rags, wooden pallets, and bottles.	• JV Consortium • Field employees • Government • Community	Wastes are segregated through trash bins labelled as Biodegradable and Non-Biodegradable. Since the facility is located offshore, the waste cannot be disposed directly into the sea, for it will violate environmental laws. Instead, the wastes were being stored in a waste facility in the FPSO to be later on collected by a supply vessel whenever there will be a delivery of goods. The wastes will be sorted out based on its category such as bottles, plastics, glass etc.
What are the risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
Improper disposal of solid wastes from the FPSO can cause pollution to the ocean and may lead to filing of fines and penalties by the DENR.	• JV Consortium • Field employees • Government • Community	The Operator is strict about solid waste disposal by having trash bins in designated areas in the FPSO especially in the accommodation unit where most of the crew eat and stay.

		Moreover, a breakdown of solid wastes generated in the FPSO are incorporated in the quarterly and annual Compliance Monitoring Report and Self- Monitoring Reports to the DENR and the DOE.
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
Sustainable proper waste disposal can be achieved by recycling and adapting new technologies to reduce solid waste.	• JV Consortium • Field employees • Government • Community	The Operator regularly monitors solid waste generation and disposal in the FPSO and are open to finding alternative ways to enhance sustainable solid waste management.

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	7,320[9]	Kg
Total weight of hazardous waste transported	6,300[9]	kg

[9] Data provided by Galoc Production Company

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Hazardous wastes generated during operation in the FPSO include oil waste, oil-contaminated materials, wastes with lead and mercury compounds, pathological or infectious wastes, explosives and expired medicines.	• JV Consortium • Field employees • Government • Community	Hazardous wastes are being collected by supply vessels and are properly handled until the final disposal facility.
What are the risk/s identified?	Which stakeholders are affected?	Management Approach
Improper handling of hazardous wastes from the FPSO can cause pollution to the ocean and may lead to filing of fines and penalties by the DENR.	• JV Consortium • Field employees • Government • Community	The Operator is strict about hazardous waste disposal and regularly reports its generated wastes in the FPSO in the quarterly and annual Compliance Monitoring Report and Self- Monitoring Reports to the DENR and the DOE.
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
Sustainable hazardous waste disposal can be achieved by recycling and adapting new	• JV Consortium • Field employees • Government	The Operator regularly monitors hazardous waste generation and disposal in the

technologies to reduce hazardous waste.	• Community • Oil and gas industry	FPSO and are open to finding alternative ways to enhance sustainable hazardous waste management.

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	5,074,487.34[9]	Cubic meters
Percent of wastewater recycled	0	%

[9] Data provided by Galoc Production Company

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Effluents from the FPSO includes Produced Formation Water (water from the underground oil reservoir), Wash Water (vessel washings), Cooling Water from the engine room, and cooling water from the process area.	• JV Consortium • Field employees • Government • Community	Produced Formation Water with >15 ppm oil content is either diverted to the cargo tack (if oil content is very high) and/or directed to the oily water tank (slopy tank). In due time, oil in the slop tank separates and floats on top of the water layer. The relatively oil- free water is flowed to the clean water slop tank and is re-processed for overboard disposal, while the accumulated oil is flowed to the cargo tank (as part of the crude product). If the produced water is <15 ppm oil content, it is being discharged overboard. An alarm system or a full- time technician diverts the produced water to the slop tank if the oil content is greater than 15 ppm. [5]
What are the risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
Improper handling of effluents can lead to unwanted disposal of untreated waste water directly into the ocean.	• JV Consortium • Field employees • Government • Community	The Operator strictly regulates and reports the total discharged water and effluents on a quarterly and annual basis by providing a Compliance Monitoring Report and Self-Monitoring Reports to the DENR and the DOE. The management ensures that effluents are acceptable and

		compliant with its Environmental Compliance Certificate issued by the DENR.
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
The Consortium is constantly on the lookout and open to adopting demonstrated good practice on effluent handling and disposal.	• JV Consortium • Field employees • Government • Community • Oil and gas industry	The Operator strictly regulates the total discharged water and effluents to ensure compliance with the standards set by the DENR.

Environmental Compliance

Non- compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non- compliance with environmental laws and/ or regulations	0	PhP
No. of non- monetary sanctions for non- compliance with environmental laws and/ or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material impact.	Not applicable	Not applicable
What are the risk/s identified?	Which stakeholders are affected?	Management Approach
No material risk identified.	Not applicable	Not applicable
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
No identified opportunities.	Not applicable	Not applicable

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data – Represents the Company's employees only. Does not include employees of other Joint Venture Partners and Contractors.

Disclosure	Quantity	Units
Total number of employees	15	
a. Number of female employees	6	#
b. Number of male employees	9	#
Attrition rate	0	Rate
Ratio of lowest paid employee against minimum wage	0	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	100%	100%
Philhealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental Leaves	Y	-	0
Vacation Leaves	Y	100%	100%
Sick Leaves	Y	100%	100%
Medical Benefits (aside from Philhealth)	Y	0%	0%
Retirement Fund (aside from SSS)	Y		
Further education support	N		
Company stock options	N		
Telecommuting	N		
Flexible- working hours	Y	100%	100%
Other Benefits:			
Rice Subsidy	Y	100%	67%
Uniform Allowance	Y	100%	67%
Christmas Allowance	Y	100%	67%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Compensation and benefits are key factors in employees' satisfaction that determines their willingness to stay in the Company. However, with the emergence of the COVID19 Pandemic, we saw the importance of flexibility in work arrangements as an additional measure in retaining talents.	Given the current situation, the Company abides by the safety, health, and welfare standards and policies set by the DOLE and the DOH. Mandatory benefits are properly and in timely manner, awarded to its employees. In addition, the Company ensures to give competitive compensation package and flexible work arrangement in order to retain its employees and acquire new talents.
What are the risk/s identified?	**Management Approach**
OPMC has identified lack of technical experts in the industry as a major risk.	Many experts have gone overseas thus, the management believes that a competitive package can address this risk. Also, the Company continues to enhance its training programs to equip its technical staff with the proper knowledge.
What are the opportunity/ies identified?	**Management Approach**
The Company sees engaging with young professionals and providing trainings will ensure continuity of its operations.	OPMC continues to grow its talent through trainings and seminars. Also, the Company continues to evolve to adapt to the ever-changing business landscape.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	85.5	Hours
b. Male employees	23	Hours
Average Training hours provided to employees		
a. Female employees	28.5	Hours/ employee
b. Male employees	23	Hours/ employee

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
OPMC’s training and development programs have led to substantial career growth among its employees. The Company believes that career development and employee empowerment are crucial in employee retention.	The Company continues to enhance its training and seminar programs which give employees opportunities to develop, enhance and enrich themselves with skill-sets they need to better perform their roles in the Company and in the community.
What are the risk/s identified?	**Management Approach**
Possible employee poaching from other industry players.	The Company believes that an attractive compensation package coupled with flexible working arrangement at this time of Pandemic is effective in maintaining talents.
What are the opportunity/ies identified?	**Management Approach**
Given the ever-changing business landscape where everything is going digital, this is an opportune time for the employees to get trainings in different business applications and software.	The Management will incorporate in its training programs topics that involves digital transformation.

Labor- Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	None	%
Number of consultations conducted with employees concerning employee- related policies	None	#

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
No material impact.	Not applicable
What are the risk/s identified?	**Management Approach**
No identified material risk/s.	Not applicable
What are the opportunity/ies identified?	**Management Approach**
No identified material opportunity/ies.	Not applicable

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of Female workers in the workplace	40	%
% of Male workers in the workplace	60	%
Number of employees from indigenous communities and/ or vulnerable sector*	3	# of elderly

Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company ensures that there is equality and diversity in the organization. Although it is dominated by male employees, it is only because of the nature of its business where most experts (Geologist) are in the male gender.	OPMC conducts its hiring process based on the applicants' qualifications that match the Company's requirements. Compensation and benefits are also based on merit and benchmarked with industry rates.
What are the risk/s identified?	**Management Approach**
The Company identified lack of technical employees/experts in the field of Geology as a risk.	The Company is on continuous search for Geologists that will complement its technical group. It continues to enhance its development programs to train existing Junior Geologist.
What are the opportunity/ies identified?	**Management Approach**
Access to Consultants in the Oil Exploration Industry as an opportunity for the Company to enhance its technical capabilities.	The Company has been looking for opportunities to expand its technical group. This opens the opportunities to meet with Consultants and experts in the industry. The Company in its best efforts will contract with potential Consultants that will help strengthens the Company's technical team.

Workplace conditions, Labor Standards, and Human Rights
Occupational Health and Safety:

Disclosure	Quantity	Units
Safe Man- Hours	26,544	Man-hours
No. of work- related injuries	0	#
No. of work- related fatalities	0	#
No. of work- related ill- health	0	#
No. of Safety Drills	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Occupational health and safety affects the welfare of OPMC's employees in their performance of their roles.	The Company recognizes its statutory responsibility to provide healthy and safe working environment to its employees. Please see:

	https://opmc.com.ph/corporate-governance/Company-policies/#HealthSafetyWelfare https://opmc.com.ph/corporate-governance/company-policies/stakeholders-health-safety-and-welfare/ or https://opmc.com.ph/corporate-governance/company-policies/code-of-business-conduct-and-ethics/
What are the risk/s identified?	Management Approach
The Company identified the following risks: • Work-related injuries that may cause permanent or temporary disability or fatality • Occurrence of Fire or Earthquake emergencies	Please see: https://opmc.com.ph/corporate-governance/Company-policies/#HealthSafetyWelfare https://opmc.com.ph/corporate-governance/company-policies/stakeholders-health-safety-and-welfare/
What are the opportunity/ies identified?	Management Approach
No identified material opportunities	Not applicable

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	Man-hours

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g harassment, bullying) in the workplace?

Topic	Y/N	If yes, cite reference in the Company policy
Forced Labor	N	
Child Labor	N	
Human Rights	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The topic impacts the welfare of the employees as they are hired and work for the Company.	The Company complies with all the applicable laws and regulations on employees' welfare, the Labor Code, and has grievance and communication mechanisms in place.

	The Company however, is still in the process of crafting its human rights policies.
What are the risk/s identified?	Management Approach
Though there were no reports, OPMC has identified as risk, potential human rights and labor violations within the Company.	The Company complies with all the applicable laws and regulations on employees' welfare, the Labor Code, and has grievance and communication mechanisms in place.
What are the opportunity/ies identified?	Management Approach
No material opportunities identified	Not applicable

Supply Chain Management – not material

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If yes, cite reference in the supplier policy
Environmental performance		
Forced labor		
Child Labor		
Human Rights		
Bribery and corruption		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No material impact.	Not applicable
What are the risk/s identified?	Management Approach
No identified material risk/s.	Not applicable
What are the opportunity/ies identified?	Management Approach
No identified material opportunities.	Not applicable

Relationship with Community – not material

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operated)	Location	Vulnerable Groups (if applicable)*	Does this particular operation have impacts in indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate total number of Free and Prior informed Consent (FPIC) undergoing consultations and certification preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:_______________

Disclosure	Quantity	Units
FPIC process is still undergoing		#
CP secured		#

What are the risk/s identified?	Management Approach
Please see explanation below	
What are the opportunity/ies identified?	**Management Approach**
Please see explanation below	

Explanation:

Despite the Covid-19 Pandemic, the SC-14C Galoc Consortium, where the Company is a partner of, thru GPC as an operator, continued to extend its help to the community. The Consortium was able to implement the following projects that supports health, livelihood and education in the local community:

Education:
- Solar Powered E- TV Educational Package
- Trainings for Teachers
- Library rehabilitation
- Constructions of Classrooms
- Construction of Laboratory House for students

Livelihood:
- Water access Project and Manpower Development Skills Training
- Donation of Gensets
- Construction of Eco- Tourism Center

Health:
- Solar Electrification of Health Center
- Donation of Medical Equipment

In addition to these, the Consortium recently donated two (2) modified school bus for the students in Culion, Palawan and has an on- going water system project in Busuanga, Palawan.

Customer Management – not material

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No material impact.	Not applicable
What are the risk/s identified?	Management Approach
No identified material risk/s.	Not applicable
What are the opportunity/ies identified?	Management Approach
No identified material opportunities.	Not applicable

Health and Safety – not material

Disclosure	Quantity	Units
No. of substantial complaints on product or service health and safety		#
No. of complaints addressed		#

* Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanism as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No material impact.	Not applicable
What are the risk/s identified?	Management Approach
No identified material risk/s.	Not applicable
What are the opportunity/ies identified?	Management Approach
No identified material opportunities.	Not applicable

Marketing and labelling – not material

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*		#
No. of complaints addressed		

* Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanism as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No material impact.	Not applicable
What are the risk/s identified?	Management Approach
No identified material risk/s.	Not applicable
What are the opportunity/ies identified?	Management Approach
No identified material opportunities.	Not applicable

Customer privacy – not material

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*		#
No. of complaints addressed		
No. of customers, users and account holders whose information is used for secondary purposes		

* Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanism as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No material impact.	Not applicable
What are the risk/s identified?	Management Approach
No identified material risk/s.	Not applicable
What are the opportunity/ies identified?	Management Approach
No identified material opportunities.	Not applicable

Data Security – Data Privacy Act

Disclosure	Quantity	Units
No. of breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Ensuring the investors and employees data privacy is one of the factors that contributes to the Company's integrity and investor's trust and confidence.	The Management adheres to the conditions set forth in the Data Privacy Act of 2012 or RA 10173.
What are the risk/s identified?	Management Approach
Should there be any leak in information, the Company will lose the trust and confidence of its investors.	The Management adheres to the conditions set forth in the Data Privacy Act of 2012.
What are the opportunity/ies identified?	Management Approach
OPMC aims to continuously improve its data management and privacy system to ensure continuous investor patronage.	The Management adheres to the conditions set forth in the Data Privacy Act of 2012.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development

Key Products and Services	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative
Crude Oil	SDG 4: Quality Education OPMC has been a long-time partner of oil and gas contractors in providing sustainable quality education especially to remote areas in northern Palawan such as the municipalities of Culion, Busuanga and Linapacan through donation of Solar Powered E-TV Educational Package, providing trainings for teachers, constructions of Classrooms and Laboratory house and rehabilitation of libraries.	Petroleum Service Contracts have only 50 years validity, once the terms have expired, the production of the field will cease and the contractor will rehabilitate and abandon the area. The abandonment of the field will lead to the cessation of the scholarship and educational assistance, for these are included within the service contract as contractor's obligation and commitment.	OPMC, together with other petroleum companies are hand in hand in their continuous efforts to explore and develop new oil and gas fields to be able to secure new service contract and provide sustainable quality education.

Jane Agnes S. Pazzibugan

From:	MaRiana Infante
Sent:	Monday, April 26, 2021 5:43 AM
To:	Jane Agnes S. Pazzibugan
Subject:	Fwd: [EXTERNAL]:Your BIR AFS eSubmission uploads were received

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From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Sunday, April 25, 2021 10:57:41 PM
To: MaRiana Infante <Riana.Caratay@urc.com.ph>
Cc: MaRiana Infante <Riana.Caratay@urc.com.ph>
Subject: [EXTERNAL]:Your BIR AFS eSubmission uploads were received

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Transaction Code: **AFS-0-B6BKCB880PQNVV4Q4PSRNRZXP0QVTPZTN**
Submission Date/Time: **Apr 25, 2021 10:57 PM**
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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
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ORIENTAL PETROLEUM AND MINERALS CORPORATION
34th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City, Philippines
☎: 633-7631 to 40 Extensions 278, 281 • 🖷: 395-2586

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR PARENT FINANCIAL STATEMENTS

The management of **Oriental Petroleum and Minerals Corporation** is responsible for the preparation and fair presentation of the parent financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of parent financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the parent financial statements of the company in accordance with Philippine Standards on Auditing, and in its reports to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

James L. Go	**Robert Coyiuto, Jr.**	**Ma. Riana C. Infante**
Chairman of the Board and Chief Executive Officer	**President and Chief Operating Officer**	Chief Financial Officer and Compliance Officer

Signed this APR 2 0 2021 day of ____ 2021

SUBSCRIBED AND SWORN to before this ____ day of APR 2 0 2021 2021 affiants executed to me their respective CTC / government issued identification cards as follows:

Name	Passport No.	Date of Issue	Place of Issue
James L. Go	P0986521A	November 23, 2016	DFA NCR Central
Robert Coyiuto, Jr.	P7236639A	May 19, 2018	DFA Manila
Ma. Riana C. Infante	P4098424A	August 20, 2017	DFA NCR East

Doc. No. 464
Page No. 94
Book No. 7
Series of 2021.

ATTY. XELA LAUREN V. CATEDRILLA
NOTARY PUBLIC
Commission No. 2019-007 (2019-June 30, 2021
(Pursuant to B.M. No. 3795)
Roll of Attorney No. 71760
IBP No. 137382; 01/04/2021; Quezon City
PTR No. 1475937; 01/04/2021; San Juan, M.M.
MCLE Compliance No. VI – 0027571; June 13, 2019
4856 San Diego St. Brgy. 598 Pld Sta. Mesa, Manila

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

4 0 0 5 8

COMPANY NAME

O R I E N T A L P E T R O L E U M A N D M I N E R A L S C O R P O R A T I O N

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

3 4 t h F l o o r , R o b i n s o n s E q u i t a b l e T o w e r , A D B A v e n u e , c o r n e r P o v e d a S t r e e t , O r t i g a s C e n t e r , P a s i g C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
orientalpetroleum@opmc.com.ph	**8633-7631**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
11,594	**5/31**	**12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ma. Riana Caratay-Infante	**Riana.Caratay@urc.com.ph**	**8633-7631**	**N/A**

CONTACT PERSON's ADDRESS

34th Floor, Robinsons Equitable Tower, ADB Avenue, corner Poveda Street, Ortigas Center, Pasig City

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

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

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Oriental Petroleum and Minerals Corporation
34th Floor, Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Oriental Petroleum and Minerals Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2020 and 2019, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

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

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

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of Oriental Petroleum and Minerals Corporation in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to the financial statements. Such information is not a required part of the basic parent company financial statements. The information is also not required by Securities Regulation Code Rule No.68, As Amended (2011). Our opinion on the basic parent company financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Ysmael S. Acosta.

SYCIP GORRES VELAYO & CO.

Ysmael S. Acosta
Partner
CPA Certificate No. 112825
SEC Accreditation No. 1744-A (Group A),
March 14, 2019, valid until March 13, 2022
Tax Identification No. 301-106-775
BIR Accreditation No. 08-001998-130-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534209, January 4, 2021, Makati City

April 20, 2021

ORIENTAL PETROLEUM AND MINERALS CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION
(In U.S. Dollars)

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 19 and 20)	**$15,298,829**	$17,887,849
Receivables (Notes 7, 8 and 20)	**1,660,610**	1,073,719
Crude oil inventory (Note 8)	**249,867**	668,147
Short-term investments (Notes 9 and 20)	**1,034,175**	1,501,897
Other current assets	**10,008**	10,440
Total Current Assets	**18,253,489**	21,142,052
Noncurrent Assets		
Equity instruments at fair value through other comprehensive income (Notes 9 and 20)	**36,986,361**	31,080,859
Debt instruments at amortized cost (Notes 9 and 20)	**27,997,544**	27,291,700
Investments in subsidiaries (Note 10)	**10,835,726**	10,835,726
Property and equipment (Notes 5, 8 and 11)	**22,079,836**	22,712,110
Deferred exploration costs (Notes 5, 8 and 12)	**662,844**	662,844
Total Noncurrent Assets	**98,562,311**	92,583,239
	$116,815,800	$113,725,291
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 13 and 20)	**$421,925**	$805,740
Due to a subsidiary (Note 10)	**19,538,946**	19,492,249
Provision for plug and abandonment (Note 13)	**–**	817,011
Total Current Liabilities	**19,960,871**	21,115,000
Noncurrent Liabilities		
Pension liability (Note 17)	**649,792**	522,337
Deferred tax liability (Note 18)	**2,629,408**	1,618,455
Total Noncurrent Liabilities	**3,279,200**	2,140,792
	23,240,071	23,255,792
Equity		
Capital stock (Note 14)	**82,268,978**	82,268,978
Subscriptions receivable (Note 14)	**(277,710)**	(277,744)
Capital in excess of par value (Note 14)	**3,650,477**	3,650,477
Retained earnings	**5,429,018**	4,843,234
Reserve for changes in value of equity instruments at fair value through other comprehensive income (Note 9)	**2,406,322**	(136,181)
Remeasurement gains on pension liability - net (Note 17)	**98,644**	120,735
Total Equity	**93,575,729**	90,469,499
	$116,815,800	$113,725,291

See accompanying Notes to Parent Company Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In U.S. Dollars)

	Years Ended December 31		
	2020	2019	2018
REVENUE FROM PETROLEUM OPERATIONS (Note 8)	**$1,277,272**	$4,248,325	$7,691,545
COST OF PETROLEUM OPERATIONS			
Petroleum production costs (Notes 8 and 13)	**1,677,971**	4,603,816	7,516,862
Depletion, depreciation and amortization expense (Notes 8 and 11)	**719,705**	1,503,280	1,084,381
	2,397,676	6,107,096	8,601,243
GROSS LOSS	**(1,120,404)**	(1,858,771)	(909,698)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 15)	**658,468**	626,226	648,891
OTHER INCOME (CHARGES)			
Interest income (Notes 6 and 9)	**2,054,493**	2,366,359	2,014,026
Foreign exchange gain (loss) - net	**1,870,509**	1,027,294	(237,799)
Dividend income (Note 9)	**1,733,762**	1,099,501	687,193
Other income (Note 16)	**129,012**	250,585	–
	5,787,776	4,743,739	2,463,420
INCOME BEFORE INCOME TAX	**4,008,904**	2,258,742	904,831
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 18)			
Current	**405,580**	497,316	559,887
Deferred	**1,020,418**	(569,664)	(618,554)
	1,425,998	(72,348)	(58,667)
NET INCOME	**$2,582,906**	$2,331,090	$963,498
Basic/Diluted Earnings Per Share (Note 21)	**$0.000013**	$0.000012	$0.000005

See accompanying Notes to Parent Company Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(In U.S. Dollars)

	Years Ended December 31		
	2020	2019	2018
NET INCOME	**\$2,582,906**	\$2,331,090	\$963,498
OTHER COMPREHENSIVE LOSS			
Item not to be reclassified to profit or loss in subsequent periods:			
Movement in reserve for fluctuation in value of equity instruments at fair value through other comprehensive income (Note 9)	**2,542,503**	2,248,296	(2,276,212)
Remeasurement gain (losses) on pension liability (Note 17)	**(22,091)**	(58,101)	21,259
	2,520,412	2,190,195	(2,254,953)
TOTAL COMPREHENSIVE INCOME (LOSS)	**\$5,103,318**	\$4,521,285	(\$1,291,455)

See accompanying Notes to Parent Company Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

(In U.S. Dollars)

	Capital Stock (Note 14)	Subscriptions Receivable (Note 14)	Capital in Excess of Par Value (Note 14)	Retained Earnings	Reserve for Changes in Value of Equity Instruments at FVOCI Note 9)	Remeasurement Gains (Losses) on Pension Liability - Net (Note 17)	Total
			For the Year Ended December 31, 2020				
Balances as at January 1, 2020	**$82,268,978**	**(($277,744))**	**$3,650,477**	**$4,843,234**	**($136,181)**	**$120,735**	**$90,469,499**
Net income	–	–	–	**2,582,906**	–	–	**2,582,906**
Other comprehensive income (loss)	–	–	–	–	**2,542,503**	**(22,091)**	**2,520,412**
Total comprehensive income (loss)	–	–	–	**2,582,906**	**2,542,503**	**(22,091)**	**5,103,318**
Collection of subscription receivable	–	**34**	–	–	–	–	**34**
Cash dividends	–	–	–	**(1,997,122)**	–	–	**(1,997,122)**
Balances as at December 31, 2020	**$82,268,978**	**(($277,710)10)**	**$3,650,477**	**$5,429,018**	**$2,406,322**	**$98,644**	**$93,575,729**
			For the Year Ended December 31, 2019				
Balances as at January 1, 2019	$82,268,978	($373,412)	$3,650,477	$4,736,821	($2,668,084)	$178,836	$87,793,616
Net income	–	–	–	2,331,090	–	–	2,331,090
Other comprehensive income (loss)	–	–	–	–	2,248,296	(58,101)	2,190,195
Total comprehensive income (loss)	–	–	–	2,331,090	2,248,296	(58,101)	4,521,285
Collection of subscription receivable	–	95,668	–	–	–	–	95,668
Cash dividends	–	–	–	(1,941,070)	–	–	(1,941,070)
Transfer to retained earnings	–	–	–	(283,607)	283,607	–	–
Balances as at December 31, 2019	$82,268,978	($277,744)	$3,650,477	$4,843,234	($136,181)	$120,735	$90,469,499
			For the Year Ended December 31, 2018				
Balances as at January 1, 2018	82,268,978	(373,412)	3,650,477	3,767,144	(385,693)	157,577	89,085,071
Net income	–	–	–	963,498	–	–	963,498
Other comprehensive income (loss)	–	–	–	–	(2,276,212)	21,259	(2,254,953)
Total comprehensive income (loss)	–	–	–	963,498	(2,276,212)	21,259	(1,291,455)
Transfer to retained earnings	–	–	–	6,179	(6,179)	–	–
Balances as at December 31, 2018	$82,268,978	($373,412)	$3,650,477	$4,736,821	($2,668,084)	$178,836	$87,793,616

See accompanying Notes to Parent Company Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In U.S. Dollars)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**$4,008,904**	$2,258,742	$904,831
Adjustments for:			
Depletion, depreciation and amortization expenses (Notes 8 and 10)	**719,705**	1,503,280	1,084,381
Plug and abandonment cost (Notes 8 and 12)	**133,753**	1,362,716	2,855,134
Pension expense (Note 16)	**66,481**	44,214	39,801
Gain on reversal of long-outstanding payables	–	(250,585)	–
Dividend income (Note 9)	**(1,733,762)**	(1,099,501)	(687,193)
Unrealized foreign exchange losses (gains) - net	**(1,885,146)**	(988,203)	259,448
Interest income (Notes 6 and 9)	**(2,054,493)**	(2,366,359)	(2,014,026)
Operating income (loss) before working capital changes	**(744,558)**	464,304	2,442,376
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	**(702,711)**	27,259	16,489
Crude oil inventory	**418,280**	1,104,922	(310,415)
Other current assets	**432**	(102)	1,452
Increase (decrease) in:			
Accounts and other payables	**(717,582)**	554,459	(2,886,754)
Provision for plug and abandonment	**(950,764)**	(2,607,553)	2,061,848
Cash flows generated from (used for) operations	**(2,696,903)**	(456,711)	1,324,996
Income tax paid	**(405,580)**	(669,992)	(502,565)
Net cash flows generated from (used in) operating activities	**(3,102,483)**	(1,126,703)	822,431
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**2,093,295**	2,498,004	2,006,651
Dividends received	**1,815,923**	923,917	738,604
Proceeds from redemption/sale/maturity of:			
Debt instruments at amortized cost (Note 9)	**828,638**	–	–
Short-term investments	**1,501,897**	–	10,255,240
Long-term investments	–	40,000,000	–
Equity instruments at fair value through other comprehensive income	–	1,940,740	1,099,731
Acquisitions of/additions to:			
Property and equipment (Notes 8 and 10)	**(39,462)**	(1,111,357)	(50,985)
Short-term investments	**(1,034,175)**	(1,501,897)	–
Equity instruments at fair value through other comprehensive income (Note 9)	**(3,362,999)**	(19,131,454)	(1,703,871)
Debt instruments at amortized cost (Note 9)	–	(13,465,080)	(8,060,845)
Net cash flows provided by investing activities	**1,803,117**	10,152,873	4,284,525
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of subscription receivable	**34**	95,668	–
Payment of cash dividends	**(1,837,696)**	(1,941,070)	–
Net cash flows used in financing activities	**(1,837,662)**	(1,845,402)	–
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**548,008**	183,960	3,345
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,589,020)**	7,364,728	5,110,301
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**17,887,849**	10,523,121	5,412,820
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**$15,298,829**	$17,887,849	$10,523,121

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information and Status of Business Operations**

Oriental Petroleum and Minerals Corporation (the Parent Company) is a stock corporation organized under the laws of the Republic of the Philippines to engage in oil exploration and development activities. The Parent Company was incorporated on December 22, 1969.

On March 26, 2018, during the special meeting of its stockholders, the stockholders ratified the amendments of the Second and Fourth Articles of the Articles of Incorporation (AOI) to engage in the business of power generation and exploration, development, utilization and commercialization of renewable energy resources and to extend the corporate term for 50 years from December 22, 2019, respectively. The amendments to the AOI was approved by the Securities and Exchange Commission (SEC) on July 4, 2018.

The Parent Company's principal office is located at 34th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City. The Parent Company was listed in the Philippine Stock Exchange (PSE) on October 14, 1970.

The Parent Company is 19.4% owned by JG Summit Holdings, Inc. (JGSHI).

Service Contract (SC) 14
On December 15, 1975, pursuant to Section 7 of the Oil Exploration and Development Act of 1972 (Presidential Decree 87 dated November 21, 1972), the Parent, together with other participants (collectively referred to as the Consortium), entered into a service contract with the Philippine Government through the Petroleum Board, now the Department of Energy (DOE) for the exploration, exploitation and development of the contract area in offshore Northwest of Palawan Island, Philippines, which was amended from time to time. This contract area includes the Nido, Matinloc, West Linapacan and Galoc Field where significant hydrocarbon deposits were discovered.

The contract areas (i.e., Blocks A, B, B1, C1, C2 and D) covered by SC 14 are situated offshore Northwest of Palawan Island, Philippines. While production activities continue in Blocks A, B, B1 and C1 of SC 14, crude oil production in the West Linapacan Oilfield in Block C2 was suspended in 1999 due to a significant decline in crude oil production caused by increasing water intrusion. The Parent continually conduct technical evaluation activities of the said area and submitted a work program and budget to DOE. However, the Parent Company participates in the production of other fields, including Nido, Galoc and Matinloc. Total production from these fields is modest but enough to cover operating and overhead expenses of SC 14.

The Galoc oilfield located in Block C was declared commercial on June 22, 2009 with effectivity on June 19, 2009. Block D remains a retained area.

In December 2010, the DOE extended the term of SC 14 for another 15 years or up to December 17, 2025.

SC 14C1 - Galoc

Farm-in Agreement (FA)
On September 23, 2004, Team Oil (TEAM) and Cape Energy (CAPE) entered into a Farm-in-Agreement (FA) with the SC 14C - Galoc Consortium members for the development of the Galoc Field. The FA was concluded in a Deed of Assignment (DA) dated August 22, 2005 where TEAM and CAPE designated Galoc Production Company (GPC) as the special purpose company to accept the assigned participating interest and to act as the operator of the Galoc production area.

Under the FA and DA, GPC will pay 77.721% of the cost to develop the Galoc Field in exchange for a 59.845% participating interest in the area. Other significant terms and conditions of the Agreements follow:

1) That GPC, together with the other paying party, Nido Petroleum Philippines, Pty. Ltd. (Nido Petroleum), be allowed to first recover their share of the development cost from crude oil sales proceeds from the Galoc Field after production expenses.

2) That GPC will be assigned its pro-rata share of the $68 million historical cost recovery of the Galoc block equivalent to $33 million to be recovered pursuant to the terms of the Block C agreement below.

3) That GPC will reimburse the Consortium members (except GPC and Nido Petroleum) for expenditures previously incurred in relation to the Galoc Field as follows:

    a) $1.5 million payable out of 50% of GPC's share of the Filipino Participation Incentive Allowance (FPIA); and

    b) $1.5 million payable upon reaching a cumulative production of 35 million barrels of oil from the Galoc Field.

On July 1, 2009, GPC and the other Consortium members purchased additional interest in the field from Petroenergy Resources Corporation (Petroenergy) and Alcorn Gold Resources Corporation (AGRC).

As of December 31, 2020 and 2019, the Parent Company and its subsidiary Linapacan Oil Gas and Power Corporation (LOGPOCOR), hold a combined participating interest of 7.78505% in Galoc.

Joint Operating Agreement (JOA)
On September 12, 2006, the members of the Consortium entered into a JOA, amending the existing JOA, for the purpose of regulating the joint operations in the Galoc Block. The JOA shall continue for as long as:

1) the provisions in SC 14 in respect of the Galoc Block remain in force;

2) until all properties acquired or held for use in connection with the joint operations has been disposed of and final settlement has been made between the parties in accordance with their respective rights and obligations in the Galoc Block; and

3) without prejudice to the continuing obligations of any provisions of the JOA which are expressed to or by their natures would be required to apply after such final settlement.

The items are still subsisting hence the JOA continues to be in effect.

Block C Agreement
In 2006, Block C Agreement was entered into by the consortium members (the "Galoc Block Owners") to specify gross proceeds allocation as well as the rights and obligations relating to their respective ownership interest in the Galoc Block (the "Galoc Contract Area Rights") and their respective ownership interest in the Remaining Block (except for GPC).

The agreement also clarifies how GPC and Philodrill, which are the designated operator of the Galoc Block and the Remaining Block, respectively, shall work together to perform their obligations and exercise their rights as operator.

The Allocation of Contract Area Rights under Section 3 of the Block C Agreement provides that:

1) GPC shall be entitled to the FPIA, Production Allowance, Recovery of Operating Expenses and the Net Proceeds of the SC 14 insofar as it relates to the Galoc Block.
2) The portion of the Galoc Contract Area Rights allocable as FPIA, Production Allowance and Net Proceeds shall be distributed as follows:

    a) GPC shall be allocated an amount equal to its participating interest in the Galoc Block which is currently 58.291%;

    b) Nido Petroleum and Philodrill shall be allocated an amount equal to 17.500% and 4.375%, respectively; and

    c) The balance of 19.834% shall be allocated to the Remaining Block (except GPC) in accordance with number 5 below.

3) The portion of the Galoc Contract Area Rights allocable to recovery of operating expenses (the reimbursement amount) shall be distributed as follows:

    a) First, an amount equal to the operating expenses incurred by the Galoc Block Owners in respect of production costs on and from the date of the 2nd Galoc well being brought on stream shall be allocated to each Galoc Block Owner in accordance with each Galoc Block Owner's participating interest;

    b) Second, an amount equal to the operating expenses incurred by GPC and Nido Petroleum in respect of the Galoc Block (excluding the $68 million historical cost assigned to the Galoc Block pursuant to the FA) shall be allocated 77.721% to GPC and the balance of 22.279% to Nido Petroleum;

    c) Third, any reimbursement amount remaining after applying the provisions of 3a and 3b above shall be allocated 58.291% to GPC, 17.500% to Nido Petroleum, 4.375% to Philodrill and 19.834% to the Galoc Block Owners (except GPC but including Nido Petroleum and Philodrill only in relation to its remaining 4.779% interest and its 2.022% interest in the Galoc Block, respectively) until all the Galoc Block Owners have received in aggregate a total of $34 million in accordance with this provision. The 19.834% allocated to the Galoc Block Owners (except GPC) shall be distributed by GPC in accordance with number 5 below; and

    d) Fourth, any reimbursement amount remaining after applying the provisions of 3a, 3b and 3c above shall be allocated 38.861% to GPC, 17.500% to Nido Petroleum and the balance of 43.639% to the Galoc Block Owners (except GPC but including Nido Petroleum only in relation to its remaining 4.779% interest in the Galoc Block) until all the Galoc Block

Owners have received in aggregate a total of $34 million in accordance with this provision. The 43.639% allocated to the Galoc Block Owners (except GPC) shall be distributed by GPC in accordance with number 5 below.

4) After the provisions in Clause 3.3 of the Block C Agreement (as detailed in number 3 above) have been satisfied, all the Galoc Block Owners shall share the reimbursement amount in accordance with each Galoc Block Owner's participating interest as follows:

   a) GPC, Nido Petroleum and Philodrill shall receive 58.291%, 17.500% and 4.375%, respectively; and

   b) The balance of 19.834% shall be distributed by GPC to the Galoc Block Owners (except Galoc but including Nido Petroleum and Philodrill only in relation to its remaining 4.779% interest and its 2.022% interest in the Galoc Block, respectively) in accordance with Clause 5 of the Block C Agreement (see number 5 below).

5) All amounts due to the Galoc Block Owners (except GPC) pursuant to Clauses 3.2, 3.3c, 3.3d and 3.4 (see numbers 2, 3c, 3d and 4 above) (the "Outstanding Balance"), shall be distributed by GPC in accordance with written instructions to distribute the Outstanding Balance authorized by all the other Galoc Block Owners.

Effective July 1, 2009, the amount allocated to Petroenergy and AGRC in accordance with the Block C agreement shall be allocated to the remaining partners in accordance with the amount of additional interest they have purchased from Petroenergy and AGRC. The additional interest purchased are as follows: Nido Petroleum (0.60052%), Philodrill (0.19745%), Parent Company (0.13970%) and LOGPOCOR (0.07335%).

The Block C agreement shall terminate when SC 14 terminates.

Lifting Agreement

In 2008, GPC and its partners entered into a lifting agreement which provides for the lifting procedures to be applied by GPC to ensure that:

1) each lifter is able to lift its Lifting Entitlement on a timely basis;

2) each lifter receives its Actual Lifting Proceeds;

3) overlift and underlift position of each party are monitored and settled;

4) each lifter pays its Actual Lifting Deduction Payment to the GPC; and

5) GPC has sufficient funds in the Joint Account to pay the Philippine Government and the Filipino Group Entitlement.

The terms of the Block C Agreement shall prevail in the event of a conflict with the terms of this agreement.

The agreement shall terminate when SC 14 terminates unless terminated earlier by the unanimous written agreement by the parties.

Decommissioning Agreement (DA)
On December 12, 2008, GPC and its partners entered into a DA which provides for the terms upon which the wells, offshore installations, offshore pipelines and the Floating Production Storage and Offloading (FPSO) facility used in connection with the joint operations in respect of the Galoc Development shall be decommissioned and abandoned in accordance with the laws of the Philippines, including all regulations issued pursuant to the Oil Exploration and Development Act of 1972.

In accordance with the DA, each party has a liability to fund a percentage of the decommissioning costs (to be determined at a later date), which shall be equal to the party's percentage interest. The funding of the decommissioning costs shall commence on the date ("Funding Date") GPC issues a written notice to the DOE after completion of the EPT, specifying the date of commencement of commercial operations of the Galoc Block. The decommissioning cost, as funded, shall be kept in escrow with a bank of international standing and repute to be appointed by GPC.

The DA shall terminate when SC 14 terminates.

In October 2016, the Galoc Block Consortium approved the drilling of Galoc-7 to test the Mid Galoc Prospect, which is estimated to contain oil resources of 6.2 million to 14.6 million barrels.

On November 8, 2016, the DOE approved the Galoc-7 drilling program, with an estimated budget amounting to US$31 million. GPC drilled the Galoc-7 well and a sidetrack, Galoc-7ST, from March to April 2017 using the drillship Deepsea Metro I. The wells encountered 7-12 meters of net sand, which is below the prognosed thickness. In view of this, and in consideration of low fuel prices, the Consortium decided to temporarily suspend all activities related to a possible Phase III development and concentrate its efforts in optimizing oil production at the Galoc Field in order to sustain profitability and prolong the field's economic life.

In mid-2018, there was a new Operator for the Galoc Block. In a Sale Purchase Agreement, Bangchak Corporation Public Co. (Thailand) which holds the 55.88% interest shares of GPC-1 and Nido Petroleum (Galoc) Pty Ltd. in the Galoc Block, sold their share to Tamarind Galoc Pte. Ltd.

Tamarind Galoc Pte. Ltd. is headquartered in Kuala Lumpur, Malaysia. Tamarind initiated several projects which include production optimization, conduct of a more refined well test, renegotiate lease contract with the owners of the FPSO "Rubicon Intrepid", renegotiate terms of the helicopter contract with INAEC, and conduct feasibility studies for the fabrication of a Condensate Recovery Unit to be installed at the FPSO "Rubicon Intrepid".

Notice of Termination of Lease on FPSO
On March 25, 2020, the Rubicon Offshore International (ROI), owner of the Floating Production Storage Offloading (FPSO) tanker, gave a Notice of Termination to GPC1 and other members of the Consortium. The termination notice covered the period 25 March 2020 to 24 September 2020, or for 6 months.

After receipt of the Notice of Termination, GPC1 started making plans for the disconnection of the FPSO from the Galoc Oilfield site. However, the FPSO disconnection was not implemented or carried out because a new strategy was developed to continue production operations in the Galoc Oilfield.

i. Continuation of Production Operations: During Transition Period from August 2020 to January 2021

Upon the initiative of the GPC1, an alternative strategy was developed to continue production operations even before the end of the Termination Notice.

GPC1 brokered the purchase of ROI's FPSO Rubicon Intrepid by its mother company, Tamarind Resources Pte. Ltd., through a separate entity, Upstream Infrastructure Holdings (UIH). Tamarind Resources will have full control of the FPSO. The purchase was effective August 1, 2020.

GPC1 also arranged a new bareboat charter between UIH and the Galoc Joint Venture at minimal rates.

During the 6-month Transition Period, the FPSO Rubicon Intrepid will remain at the Galoc Oilfield location and continue production from the Galoc oilwells. A separate Operations & Management (O&M) contract has been negotiated with ROI for the 6-month Transition Period.

ROI senior management staff, FPSO crew, and production technicians will continue to carry out operations of the FPSO Rubicon Intrepid.

ii. Continuation of Production Extension Period: February 1, 2021 – September 30, 2022
To further continue production operations in the Galoc Oilfield beyond the 6-month Transition Period, a new alliance was formed with Three60 Energy, an established international offshore operator. Three60 Energy is an independent specialist service provider with headquarters in Aberdeen, Scotland and has branch offices in Kuala Lumpur, Malaysia and Singapore. It has been engaged to provide the Operations and Management (O&M) of the FPSO for 18 months.

UIH and Tamarind Resources will continue to supervise the operations of ROI and Three60 Energy. GPC1's FPSO Operations Advisor has been mobilized to assure and control the activities and work force of ROI and Three60 Energy.

iii. Withdrawal of GPC2 / KUFPEC
On September 14, 2020, GPC2/Kuwait Foreign Petroleum Exploration Company (KUFPEC), communicated their withdrawal from SC14C1 - Galoc Block Joint Venture. KUFPEC before notice of withdrawal held a working interest of 26.4473% in SC - 14C1, Galoc Block.

As a result of KUFPEC's withdrawal their working interest will be allocated to the remaining partners.

The Parent Company, together with LOGPOCOR, chose not to accept the pro rata interest and remained at a combined 7.78505% working interest.

Similarly, the Operator - GPC1 elected not to get their allocated interest from KUFPEC and maintained their working interest at 33%. They passed on their allocation to Nido Production Galoc (NPG), a sister company under Tamarind Resources Pte. Ltd.

The Department of Energy has acknowledged KUFPEC's withdrawal from SC-14C1, Galoc Block.

iv. Resignation of GPC1 as Operator
On December 23, 2020, Galoc Production Company - 1 (GPC1) announced their resignation as Operator of SC-14C1, Galoc Block.

Nido Production Galoc Co. (NPG), a sister company under Tamarind Resources Pte. Ltd., has assumed the role as the new Operator.

SC 14C2 - West Linapacan
A farm-in agreement was signed in May 2008 with Pitkin Petroleum Plc. The agreement requires the farm-in party ("Farminee") to carry out, at its own cost, technical studies, drill a well or wells, and redevelop the West Linapacan-A oilfield. In return, Pitkin Petroleum Plc. will earn 75% interest out of the share of the farming-out parties ("Farmors"). Pitkin assumed the role as operator of the block. The farming-out parties/Farmors are carried free up to commercial "first oil" production.

Pitkin Petroleum Plc. will have earned 58.29% interest after fulfilling their work obligations. In February 2011, Pitkin farmed-out half of the 58.29% interest to Resources Management Associates Pty Ltd. of Australia (RMA). This transfer of interest was approved by the DOE in July 2011. The transfer of operatorship to RMA was approved by the DOE in April 2012. The Farmors continued to be carried free up to commercial first oil production. RMA carried technical studies that will lead to the drilling and re-development of the West Linapacan-A structure. An independent third party assessment was also commissioned to determine the range of recoverable reserves from the structure.

In 2014, preparations were made to drill a well with spud-in date no later than end of December 2014. However, there was difficulty in raising the necessary funding for the drilling operations. Starting the second half of 2014, prices of crude oil world wide started to dramatically decline. This decline continued up to the end of 2014.

On January 14, 2015, the West Linapacan Block Farmors informed the DOE of the termination of the Farm In Agreement due to the non-performance of work obligation by Pitkin Petroleum (hence RMA) for the rehabilitation of the West Linapacan field. In a letter dated March 12, 2015, the DOE acknowledged the termination of the FA between the Farmors and Pitkin (hence RMA) since RMA could not provide the proof of financial capability to perform the work program. The 58.29% participating interest previously assigned to Pitkin provided under the FA will be reassigned to the SC 14-C2 West Linapacan Block Farmors.

The joint venture partners developed a work program and budget for the year 2016 which was submitted to and subsequently approved by the DOE.

The main activity was to carry out a technical and commercial audit of the activities carried out by the previous Operator-RMA Hk Ltd. In addition, a contingent underwater survey, by way of a Remote Operated Vehicle (ROV), was considered to gather information on the conditions of the subsea equipments installed in the old West Linapacan wellheads.

In-house geotechnical studies continued to be carried out on the contract area. An Assessment Study was commissioned for a low capital expenditure re-development of the West Linapacan-A oilfield. The estimated oil reserves, however, differed significantly from earlier studies. An evaluation of other development options will be carried out. A Scoping Study was also commissioned for the possible re-entry and extended production test of the West Linapacan-A1 Well. The re-entry and EPT will be carried out for six months using coiled tubing. This procedure is undergoing evaluation.

On January 7, 2020, the Company and other members of the Consortium of the service contract entered into a Sale and Purchase Agreement and farm-out agreement with a third party for the sale and assignment of the 28.21% interest of the Company in SC 14 Block.

As of December 31, 2020, the SPA and farm-out agreement has not yet completed the relevant closing conditions, which include regulatory approval, due to absence of proof of financial capability of the third party. As of March 31, 2021, SPA and farm-out agreement has been terminated.

As of March 31, 2021, SPA and farm-out agreement has been terminated.

SC 14A, B&B-1 - Nido, Matinloc & North Matinloc

Production in the Nido and Matinloc fields was terminated permanently on March 13, 2019. Nido started oil production in 1979 while Matinloc was put in place in 1982. The final inception-to-date production figures for the two fields are: 18,917,434 bbls for Nido and 12,582,585 bbls for Matinloc. The North Matinloc Field, which was in production from 1988 to 2017 produced a total of 649,765 bbls. The total production for the three fields is 32,149,784 barrels.

The permanent plug and abandonment of the Libro-1 and Tara South-1 wells was completed in early June 2018. The two wells had been shut since 1989 and 1990, respectively. The plug and abandonment took 41.5 days to complete. In 2018, the Parent Company incurred actual costs to plug and abandon wells from Libro-1 and Tara South-1 oilfields amounting to \$0.79 million (see Note 8).

In May 2019, seven production wells in Nido (3 out of 5), Matinloc (3), and North Matinloc (1) were successfully plugged and abandoned, while two remaining Nido wells were only partially abandoned due to difficulties encountered during the plugging operations.

The Parent Company, with the Consortium, conducted the stripping and disposal of equipment and materials aboard the production platforms from June to October 2019.

In October 2020, the Parent Company, with the Consortium, completed the cement plugging of the two remaining Nido wells. In November 2020, the DOE certified that the plug and abandonment of the Nido - A1 & - A2 wells P&A was carried out in accordance with the approved P&A program by the DOE. In December 2020, the Nido and Matinloc platforms were already turned over to the DOE.

In 2020, 2019 and 2018, the Parent Company recognized plug and abandonment and stripping costs amounting to \$0.13 million, \$1.36 million and \$2.06 million, respectively. As of December 31, 2020 and 2019, outstanding balance of the provision for the plug and abandonment amounted to nil and \$0.82 million, respectively (see Notes 8 and 12).

Participating Interests
As at December 31, 2020 and 2019, the Parent Company and LOGPOCOR have the following participating interests in the various SCs:

	(In percentage)	
	2020	2019
SC 14 (Northwest Palawan)		
Block A (Nido)	**42.940**	42.940
Block B (Matinloc)	**17.703**	17.703
Block B1 (North Matinloc)	**27.772**	27.772
Block C1 (Galoc)	**7.785**	7.785
Block C2 (West Linapacan)	**30.288**	30.288
Block D	**20.829**	20.829

SC 6 (Bonita)	**4.909**	4.909

Among the other operations of the Parent, the suspension of the production activities in the West Linapacan Oilfield raises uncertainties as to the profitability of the petroleum operations for the said oilfield. The profitability of petroleum operations related to the said oilfield is dependent upon discoveries of oil in commercial quantities as a result of the success of redevelopment activities thereof.

2. Basis of Preparation, Statement of Compliance

Basis of Preparation
The accompanying separate financial statements of the Parent Company, which include the share in the assets, liabilities, income and expenses of the joint operations covered by the SCs as discussed in Note 1, have been prepared on a historical cost basis, except for equity instruments at fair value through other comprehensive income (FVOCI) that have been measured at fair values.

The parent company financial statements are presented in U.S. Dollars, the Parent's functional and presentation currency. All values are rounded to the nearest dollar, except when otherwise indicated.

The parent company financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The accompanying separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

3. Changes in Accounting Policies and Disclosures

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the Parent Company's financial statements are consistent with those of the previous financial year, except that the Parent Company has adopted the following new accounting pronouncements starting January 1, 2020. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Adoption of these pronouncements did not have any significant impact on the Parent Company's financial position or performance unless otherwise indicated.

- Amendments to PFRS 3, *Business Combination, Definition of Business*

  The amendments to PFRS 3 clarifies that 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 output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Parent Company enter into any business combinations.

  These amendments will apply on future business combinations of the Parent Company, together with its subsidiaries.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

This amendment is not applicable to the Parent Company as there are no rent concessions granted to the Parent Company as a lessee.

Standards and Interpretation Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Parent Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Parent Company's financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Parent Company shall also disclose information about:

  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Parent Company is not required to restate prior periods.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and 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 the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Parent Company.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Parent Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- Annual Improvements to PFRSs 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Parent Company.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 percent' Test for Derecognition of Financial Liabilities*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are 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 lender on the other's behalf. An entity applies the amendment 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 amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Parent Company will apply the amendments 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 amendment. The amendments are not expected to have a material impact on the Parent Company.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Parent Company.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Parent Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

The new standard is not applicable to the Parent Company since none of the entities within the Parent Company have activities that are predominantly connected with insurance or issue insurance contracts.

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 the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The Parent Company is currently assessing the impact of adopting these amendments.

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4. **Summary of Significant Accounting Policies**

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placements and that are subject to insignificant risk of change in value.

<u>Short-term Investments</u>
Short-term investments are placements in time deposits and other money market instruments with original maturities of more than three months but less than one year.

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

Financial Assets
Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Parent Company's business model for managing the financial assets. The Parent Company classifies its financial assets into the following measurement categories:

- financial assets measured at amortized cost (debt instruments)
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss (debt instruments)
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss (equity instruments)
- financial assets measured at fair value through profit or loss

Contractual cash flows characteristics. the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Parent Company assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Parent Company determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model. The Parent Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Parent Company's business model does not depend on management's intentions for an individual instrument.

The Parent Company's business model refers to how it manages its financial assets in order to generate cash flows. The Parent Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Parent Company in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Parent Company's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Financial assets at amortized cost
A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) 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. Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Parent Company's financial assets at amortized cost includes cash and cash equivalents, short-term and long-term investments, receivables and debt instruments at amortized cost.

Financial assets at fair value through other comprehensive income (FVOCI)
Debt instruments. A debt financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

As of December 31, 2020 and 2019, the Parent Company does not have debt instruments at FVOCI.

Equity instruments. The Parent Company may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Parent Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

As of December 31, 2020 and 2019, the Parent Company elected to classify irrevocably its quoted equity instruments under this category.

Financial assets at fair value through profit or loss (FVPL)
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the separate statement of income.

This category includes derivative instruments and listed equity investments which the Parent Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the separate statement of income when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

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

Impairment of financial assets

The Parent Company recognizes an ECL for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the 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.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, short-term and long-term investments and debt instruments at amortized costs, the Parent Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Parent Company's policy to measure ECLs on such instruments on a12-month basis. To estimate the ECL for cash and cash equivalents, short-term and long-term investments and debt instruments, the Company uses the ratings published by a reputable rating agency (i.e., Moody's, Fitch, Capital Intelligence, and Standard and Poor's).

For receivables, the Parent Company applies a simplified approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Parent Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

The Parent Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

The Parent Company's financial liabilities under this category includes accounts and other payables.

<u>Derecognition of Financial Assets and Liabilities</u>
Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Parent Company's separate statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Parent Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third

party under a 'pass-through' arrangement; and either (a) the Parent Company has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Parent Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Parent Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Parent Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Parent Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Parent Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

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

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

The principal or the most advantageous market must be accessible to the Parent Company.

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

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

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

Crude Oil Inventory
Crude oil inventory is carried at NRV at the time of production. NRV is the estimated selling price less cost to sell. The estimated selling price is the market value of crude oil inventory for the reporting month adjusted taking into account fluctuations of price directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period. Estimated cost to sell is the cost incurred necessary to complete the sale (e.g., freight charges, transportation costs, etc.). The share in the ending crude oil inventory is not recognized as revenue and charged against share in costs and operating expenses.

Long-term Investments
Long-term investments are placements in time deposits and other money market instruments with original maturities of more than one year. Long-term investments are carried in the consolidated statement of financial position at amortized cost.

Investment in Subsidiaries
The investments in subsidiaries are accounted for under the cost method less accumulated provisions for impairment losses, if any. A subsidiary is an entity over which the Parent Company has control. The Parent Company controls an entity when it is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distribution from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are recorded as recovery of investment and are recognized as deduction of the cost of the investment.

The financial reporting dates of subsidiaries and the Parent Company are identical and subsidiaries' accounting policies conform to those used by the Parent Company for like transactions and events in similar circumstances.

Property and Equipment
Transportation equipment and office furniture and equipment are carried at cost less accumulated depreciation and any impairment in value.

Wells, platforms and other facilities are carried at cost less accumulated depletion and any impairment in value.

The initial cost of property and equipment, other than wells, platforms and other facilities, comprises its construction cost or purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Subsequent costs are capitalized as part of these assets only when it is probable that future economic benefits associated with the item will flow to the Parent Company and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

In situations where it can be clearly demonstrated that 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 cost of property and equipment.

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

Depreciation of property and equipment, other than wells, platforms and other facilities, commences once the assets are put into operational use and is computed on a straight-line basis over the estimated useful lives (EUL) of the assets as follows:

	Years
Transportation equipment	6
Office furniture and equipment	5-10

Depletion, depreciation and amortization of capitalized costs related to the contract areas under "Wells, platforms and other facilities" in commercial operations is calculated using the units-of-production method based on estimates of proved reserves.

The EUL and depletion and depreciation, residual values and amortization methods are reviewed periodically to ensure that the period and methods of depletion and depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Interest in Joint Arrangements
PFRS defines a joint arrangement as an arrangement over which two or more parties have joint control over the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

Joint Operations
A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interests in joint operations, the Parent Company recognizes its:
- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly

- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly.

Deferred Exploration Costs
The Parent Company follows the full cost method of accounting for exploration costs determined on the basis of each SC/Geophysical Survey and Exploration Contract (GSEC) area. Under this method, all exploration costs relating to each SC/GSEC are deferred pending determination of whether the contract area contains oil and gas reserves in commercial quantities. The exploration costs relating to the SC/GSEC area where oil and gas in commercial quantities are discovered are subsequently capitalized as "Wells, platforms and other facilities" shown under the "Property and equipment" account in the separate statement of financial position upon commercial production. When the SC/GSEC is permanently abandoned or the Parent Company has withdrawn from the consortium, the related deferred oil exploration costs are written-off. SCs and GSECs are considered permanently abandoned if the SCs and GSECs have expired and/or there are no definite plans for further exploration and/or development.

Impairment of Nonfinancial Assets
The Parent Company assesses at each reporting date whether there is an indication that the Parent Company's investment in subsidiaries, property and equipment and deferred exploration costs may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 Parent Company makes an estimate of recoverable amount. 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depletion, depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the separate statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Equity
Capital Stock
Capital stock is measured at par value for all shares subscribed, issued and outstanding. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. When the Parent Company issues shares in excess of par, the excess is recognized in the "Capital in excess of par value" account; any incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from it. If additional paid in capital is not sufficient, the excess is charged against retained earnings.

Subscriptions Receivable
Subscriptions receivable represents shares subscribed but not fully paid.

Retained Earnings
Retained earnings represents cumulative balance of profit and losses of the Parent Company and with consideration of any changes in accounting policies and errors applied retrospectively.

Other Comprehensive Income (OCI)
OCI are items of income and expense that are not recognized in profit or loss for the year in accordance with PFRSs. The Parent Company's OCI pertains to reserve for fluctuation in value of FVOCI, remeasurement gains (losses) on pension liability and cumulative translation adjustment. Reserve for fluctuation in value of FVOCI and remeasurement gains (losses) on pension liability cannot be recycled to statement of income in the subsequent period. Upon derecognition, the cumulative translation adjustment is recycled to statement of income.

Revenue Recognition
Revenue from sale of petroleum products is recognized at a point in time when the control of the goods has transferred from the Consortium Operator of the joint arrangement to the customer, which is typically upon delivery of the petroleum products to the customers. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales tax or duty. The Parent Company has generally concluded that it is the principal in its revenue arrangements.

Revenue from Petroleum Operation
Revenue from petroleum operation is recognized at a point in time when the control of the goods has transferred from the Consortium Operator, on behalf of the sellers, to the buyer at the delivery point. Revenue is measured at the fair value of the consideration received.

The revenue recognized from the sale of petroleum products pertains to the Parent Company's share in revenue from the joint operations. The revenue sharing is accounted for in accordance with PFRS 11.

Interest Income
Interest income is recognized as it accrues using the EIR method, the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of that financial asset.

Dividend Income
Dividend income is recognized when the Parent Company's right to receive the dividend is established, which is generally when the shareholders approve the dividend.

Costs and Expenses
Cost of services and general and administrative expenses are recognized in profit or loss when decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. These are recognized:

(a) on the basis of a direct association between the costs incurred and the earning of specific items of income;
(b) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or

(c) immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the separate statement of financial position as an asset.

Petroleum Production Cost
Petroleum production cost represents costs that are directly attributable in recognizing revenue from petroleum operations.

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

Leases
Accounting policy effective January 1, 2019

Short-term leases and leases of low-value assets
The Parent Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Accounting policy prior January 1, 2019
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:
(a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
(c) there is a change in the determination of whether fulfillment is dependent on a specific asset; or
(d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (b), or (d) and at the date of renewal or extension period for the scenario (c).

Parent Company as a Lessee
Lease of assets under which the lessor effectively retains all the risks and rewards of ownership is classified as operating lease. Operating lease payments are recognized as an expense in the separate statement of income on a straight-line basis over the lease term.

Income Taxes
Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized as other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax
Deferred income tax is provided, using the liability method, on all temporary differences, with certain exceptions, at 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, except:

- when the deferred tax liability arises from the initial recognition of goodwill or 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; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and 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 of unused tax credits from excess MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference 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; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each financial 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 assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate 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 relating to items recognized directly in equity is recognized as other comprehensive income.

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

Pension Expense
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service costs
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the separate statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in the separate statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to separate statement of income in subsequent periods. All remeasurements recognized in OCI account "Remeasurement gains (losses) on pension liabilities" are not reclassified to another equity account in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund . Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects 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 defined benefit obligation, the measurement of the resulting defined benefit asset 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 Parent Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Foreign Currency-denominated Transactions and Translations
The separate financial statements are presented in U.S. Dollar, which is the Parent Company's functional and presentation currency. Transactions in foreign currencies are initially recorded in the

functional currency rate ruling at the date of the transaction. However, monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign currency translations are charged or credited to the separate statement of income.

Earnings Per Share (EPS)
EPS is determined by dividing net income by the weighted average number of shares outstanding for each year after retroactive adjustment for any stock dividends declared.

Provisions
Provisions are recognized only when the Parent Company has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of the resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

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

Events After the Reporting Date
Post year-end events up to the date of auditor’s report that provide additional information about the Parent Company’s position at the reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to separate financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the separate financial statements in compliance with PFRS requires the Parent Company to make judgments, estimates and assumptions that affect the amount reported in the separate financial statements and accompanying notes. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the separate financial statements, as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Parent Company’s accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the separate financial statements.

Determination and Classification of a Joint Arrangement
Judgment is required to determine when the Parent Company has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Parent Company has determined that the relevant activities for its joint arrangements are those relating to operations and capital decisions of the arrangement.

Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Parent Company to assess their rights and obligations arising from the arrangement. Specifically, the Parent Company considers:

- The structure of the joint arrangement - whether structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Parent Company considers the rights and obligations arising from:

    a. The legal form of the separate vehicle;
    b. The terms of the contractual arrangement; and
    c. Other facts and circumstances (when relevant).

This assessment often requires significant judgment, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting treatment for each assessment.

As at December 31, 2020 and 2019, the Parent Company's joint arrangement is in the form of a joint operation.

Determination of Functional Currency
The determination of functional currency was based on the primary economic environment in which the Parent Company generates and expends cash.

Provisions and Contingencies
In the normal course of business, the Parent Company is subject to certain exposure and claims by third parties. The Parent Company does not believe that this exposure will have a probable material effect on the Parent Company's financial position. It is possible, however, that future results of operations could be materially affected by changes in the judgement and estimates or in the effectiveness of the strategies relating to this exposure.

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of Provision for ECLs of Receivables
The Parent Company uses a provision matrix to calculate ECLs for receivables and debt instruments at amortized cost. The provision rates are based on days past due of each counterparty that have similar loss pattern.

The provision matrix is initially based on the Parent Company's historical observed default rates. The Parent Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and inflation rate) are expected to deteriorate over the next year which can lead to an increased number of defaults of the counter parties, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of counter party's actual default in the future.

No provision for ECL on the Parent Company's receivables were recognized in 2020 and 2019. Total carrying value of receivables amounted to $1.66 million and $1.07 million as at December 31, 2020 and 2019, respectively (see Note 7).

Estimating Provision for Plug and Abandonment Costs
Significant estimates and assumptions are made in determining the provision for decommissioning. Factors affecting the ultimate amount of liability include estimates of the extent and costs of decommissioning activities, technological changes, regulatory changes, cost increases, and changes in discount and foreign exchange rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided.

The Parent Company recognized provision for plug and abandonment costs amounting to nil and $0.83 million as at December 31, 2020 and 2019, respectively (see Note 12). In 2020, 2019 and 2018, the Parent Company also recognized plug and abandonment costs in the consolidated statements of income amounting to $0.13 million, $1.36 million and $2.86 million which pertains to actual and estimated costs to plug and abandon wells from Libro and Tara South, and wells from Nido, Matinloc and North Matinloc fields.

Estimation of Oil Reserves
The estimation of oil reserves requires significant judgment and assumptions by management and engineers and has a material impact on the separate financial statements, particularly on the depletion of wells, platforms and other facilities and impairment testing. There is the inherent uncertainty in estimating oil reserve quantities arising from the exercise of significant management judgment and consideration of inputs from geologists/engineers and complex contractual arrangements involved as regards the Parent Company's share of reserves in the service contract area. This reserve estimate also depends on the amount of reliable geological and engineering data available at the time of the estimate and the interpretation of these data.

Estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount of proved reserves will be subject to future revision once additional information becomes available. As those fields are further developed, new information may lead to revisions.

As of December 31, 2020 and 2019, the estimated remaining proven oil reserves totaled to 2.03 million barrels and 2.66 million barrels for Galoc oil field. In 2019, production in the SC 14A, B&B-1 - Nido, Matinloc & North Matinloc fields were terminated permanently. The plug and abandonment of wells was completed in 2020.

The carrying value of wells, platforms and other facilities amounted to $22.03 million and $22.66 million as of December 31, 2020 and 2019, respectively. (see Notes 8 and 11).

Impairment of wells, platforms and other facilities of SC 14C1
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flows (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Parent Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the inflation rate used. These estimates are most relevant to the wells, platforms and other facilities of SC 14C1 recognized by the Parent Company. The key assumptions used to determine the recoverable amount for this CGU are disclosed and further explained in Note 11.

As at December 31, 2020 and 2019, the carrying value of wells, platforms and other facilities of SC14C1 amounted to $2.15 million and $2.77 million. No impairment losses were recognized in 2020, 2019 and 2018.

Assessing Recoverability of Deferred Exploration Costs
The Parent Company assesses impairment on deferred exploration costs when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Until the Parent Company has sufficient data to determine technical feasibility and commercial viability deferred exploration costs need to be assessed for impairment. Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources,* are as follows:

- The period for which the Parent Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed in full from successful development or by sale.

As at December 31, 2020 and 2019, the carrying value of deferred exploration costs amounted to $0.66 million. There was no allowance for unrecoverable deferred exploration costs at December 31, 2020 and 2019. No impairment losses were recognized in 2020, 2019 and 2018.

Pension Expense
The cost of pension and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These assumptions are described in Note 17 and include among others, the determination of the discount rate, salary increase rate and employee turnover rate. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Salary increase rate is based on expected future inflation rates for the specific country and other relevant factors and employee turnover rate is based on Parent Company's experience on employees resigning prior to their retirement.

Pension liability amounted to $0.65 million and $0.52 million as at December 31, 2020 and 2019, respectively (see Note 17).

Recognition of Deferred Tax Assets
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

As at December 31, 2020, the Parent Company has unrecognized deferred tax assets on deductible temporary differences amounting to $0.98 million (see Note 18).

6. Cash and Cash Equivalents

	2020	2019
Cash on hand	**$196**	$196
Cash in banks	**695,522**	238,818
Cash equivalents	**14,603,111**	17,648,835
	$15,298,829	$17,887,849

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Parent Company and earn interest at the prevailing short-term deposit rates ranging from 0.20% to 1.00% per annum in 2020 and 1.625% to 3.75% per annum in 2019.

Interest income earned from cash in banks and short-term deposits amounted to $0.16 million, $0.03 million and $0.32 million in 2020, 2019 and 2018, respectively.

There are no cash restrictions on the Parent Company's cash balance as at December 31, 2020 and 2019.

7. Receivables

	2020	2019
Due from operators (Note 8)	**$1,158,466**	$455,224
Interest receivable	**233,495**	262,297
Dividend receivable	**182,280**	264,441
Trade receivables	**86,369**	91,227
Others	**–**	530
	$1,660,610	$1,073,719

Due from operators represent the excess of proceeds from crude oil liftings over the amounts advanced by the contract operator for the Parent Company's share in exploration, development and production expenditures.

Due from operators and trade receivables are noninterest-bearing and are generally on 1 to 30-day terms. There are no past due nor impaired receivables as at December 31, 2020 and 2019.

Interest receivable pertains to interest income to be received by the Parent Company in relation to its short-term investments and debt instruments at amortized cost.

Dividend receivable pertains to cash dividends to be received by the Parent Company in relation to its equity instruments at fair value through other comprehensive income (Note 9).

Trade receivables pertain to share of the Parent Company on the receivables from customers for the sale of crude oil.

8. **Interest in Joint Operations**

The Parent Company's interest in the jointly controlled assets in the various SCs and GSECs, and any liabilities incurred jointly with the other partners, as well as the related revenue and expenses of the venture, which are included in the separate financial statements, are as follows:

	2020	2019
Current assets:		
Receivables		
Due from operators (Note 7)	**$1,158,466**	$455,224
Crude oil inventory	**249,867**	668,147
	1,408,333	1,123,371
Noncurrent assets:		
Property and equipment (Note 11)		
Wells, platforms and other facilities	**74,747,227**	74,712,350
Less accumulated depletion	**(52,716,357)**	(52,054,918)
Deferred exploration costs (Note 12)	**662,844**	662,844
	22,693,714	23,320,276
	$24,102,047	$24,534,874

	2020	2019	2018
Revenue from petroleum operations	**$1,277,272**	$4,248,325	$7,691,545
Cost of petroleum operations:			
Petroleum production costs	**1,677,971**	4,603,816	7,516,862
Depletion, depreciation and amortization expenses (Note 11)	**719,705**	1,503,280	1,084,381
	2,397,676	6,107,096	8,601,243
	($1,120,404)	($1,858,771)	($909,698)

Details of the petroleum production costs are as follow:

	2020	2019	2018
Floating, production, storage and offloading	**$511,924**	$2,312,873	$3,090,597
Operations management	**229,489**	122,468	150,688
General and administrative	**255,641**	74,843	198,306
Supply vessel	**151,729**	183,698	266,795
Plug and abandonment cost	**133,753**	1,362,716	2,855,134
Helicopter services	**90,703**	101,936	256,497
Insurance expenses	**76,622**	75,043	143,354
Freight costs	**51,036**	131,218	316,632
Logistics base	**28,227**	24,498	28,880
Repairs and maintenance	**79,101**	186,413	91,022
Marketing fees	**9,235**	11,553	77,268
Others*	**60,511**	16,557	41,689
	$1,677,971	$4,603,816	$7,516,862

**Others include miscellaneous expenses, utilities, postage and telephone charges.*

9. Investments

Short-term Investments
In 2020, the Parent Company availed of short-term commercial paper with a local bank amounting to $1.02 million. This investment has original maturity of more than three (3) months but less than one (1) year from date of placement. This investment earned interest of 4.00% and matured on March 15. 2021.

In 2019, the Parent Company availed of short-term investment with a local bank amounting to $1.50 million. This investment has original maturity of more than three (3) months but less than one (1) year from date of placement. This investment earns interest of 1.90% matured on January 9, 2020.

Interest income earned from short-term investments amounted to $0.11 million, $0.01 million and $0.18 million in 2020, 2019 and 2018, respectively.

Long-term Investments
In 2016, the Parent Company availed of various long-term deposit investments with a local bank amounting to $40.00 million. These investments earned interest of 2.75% and matured from May 10, 2019 to October 7, 2019.

Interest income earned from long-term investments amounted to $0.34 million and $0.94 million in 2019 and 2018, respectively.

Equity Instruments at FVOCI
Equity instruments at FVOCI investments represent equity instruments in quoted shares carried at fair value as at the end of the reporting period.

The total carrying value of the Parent Company's equity instruments at FVOCI amounted to to $36.99 million and $31.08 million as at December 31, 2019 and 2018, respectively.

Movement in the reserve for changes in value of equity instruments at FVOCI are as follows:

	2020	2019
Balances at beginning of year	**($136,181)**	($2,668,084)
Fair value changes during the year	**2,542,503**	2,248,296
Transfer to retained earnings	**–**	283,607
Balances at end of year	**$2,406,322**	($136,181)

The carrying values of equity instruments at FVOCI have been determined as follows:

	2020	2019
Balances at beginning of year	**$31,080,859**	$11,641,849
Additions	**3,362,999**	19,131,454
Redemption/disposal	**–**	(1,940,740)
Fair value changes during the year	**2,542,503**	2,248,296
Balances at end of year	**$36,986,361**	$31,080,859

Dividend income earned and received from equity instruments at FVOCI amounted to $1.73 million, $1.10 million and $0.69 million in 2020, 2019 and 2018, respectively (see Note 15).

Debt Instruments at Amortized Cost
In 2019, the Parent Company acquired various fixed rate bonds from corporate bond issuers amounting to $13.47 million (₱700.00 million). The various bonds pay interests at rates ranging from 4.70% to 5.10% per annum and will mature starting June 28, 2021 to May 6, 2026.

The carrying values of investments in bonds, classified as debt instruments at amortized cost, are as follows:

	2020	2019
Balances at beginning of year	**$27,291,700**	$12,990,099
Additions	**–**	13,465,080
Redemption of proceeds	**(828,638)**	–
Unrealized foreign exchange gain (loss)	**1,534,482**	836,521
Balances at end of year	**$27,997,544**	$27,291,700

Interest income earned from investments in bond amounted to $1.78 million, $1.99 million and $0.57 million in 2020, 2019 and 2018, respectively.

10. **Investment in Subsidiaries**

As at December 31, 2020 and 2019, the cost of investments in subsidiaries are as follows:

Linapacan Oil Gas and Power Corporation (LOGPOCOR)	$10,835,726
Oriental Land Corporation (OLC)	1,878,633
Oriental Mahogany Woodworks, Inc. (OMWI)	51,418
Copper Mines Holdings, Inc. (CMHI)	26,720
	12,792,497
Less allowance for impairment	1,956,771
	$10,835,726

The Parent Company owns 100% interest in LOGPOCOR, OLC, OMWI and CMHI.

LOGPOCOR was organized primarily to hold a certain percentage of the Parent Company's working interest in Blocks A, B and C of SC 14.

In March 1993, the Parent Company assigned its 12.6% working interest in SC 14 valued at $801.00 million to LOGPOCOR in exchange for the equivalent amount in shares of stock of LOGPOCOR. The valuation was approved by the DOE. However, in July 1993, the Parent Company suspended the transfer of operations and control of the working interest it earlier assigned to LOGPOCOR. Accordingly, the "Investment in shares of stock of LOGPOCOR" had been valued net of deferred credit of $19.43 million. The deferred credit was the difference between $29.54 million and the equivalent accumulated costs amounting to about $10.11 million. Furthermore, because of the said suspension, the Parent Company continues to recognize the revenues from petroleum operations related to the said working interest. The Parent Company therefore is being charged by LOGPOCOR for the equivalent depletion expense on the accumulated costs (carried in the books of LOGPOCOR) related thereto (Note 11). The "Due to a subsidiary" account in the parent company statement of financial position represents the unpaid balance of depletion charged by LOGPOCOR.

11. Property and Equipment

	2020			
	Wells, Platforms and Other Facilities (Notes 1 and 8)	**Transportation Equipment**	**Office Furniture and Equipment**	**Total**
Cost				
At beginning of year	**$74,712,350**	**$253,145**	**$25,969**	**$74,991,464**
Additions	**34,877**	**–**	**5,859**	**40,736**
At end of year	**74,747,227**	**253,145**	**31,828**	**75,032,200**
Accumulated Depletion, Depreciation and Amortization				
At beginning of year	**52,054,917**	**210,949**	**13,488**	**52,279,354**
Depletion, depreciation and amortization (Note 8)	**661,440**	**10,490**	**1,080**	**673,010**
At end of year	**52,716,357**	**221,439**	**14,568**	**52,952,364**
Net book value	**22,030,870**	**$31,706**	**$17,260**	**$22,079,836**

	2019			
	Wells, Platforms and Other Facilities (Notes 1 and 8)	Transportation Equipment	Office Furniture and Equipment	Total
Cost				
At beginning of year	$73,620,467	$234,951	$45,294	$73,900,712
Additions	1,091,883	18,194	1,280	1,111,357
Retirement	–	–	(20,605)	(20,605)
At end of year	74,712,350	253,145	25,969	74,991,464
Accumulated Depletion, Depreciation and Amortization				
At beginning of year	51,331,227	202,771	33,690	51,567,688
Depletion, depreciation and amortization (Note 8)	723,690	8,178	403	732,271
Retirement	–	–	(20,605)	(20,605)
At end of year	52,054,917	210,949	13,488	52,279,354
Net book value	$22,657,433	$42,196	$12,481	$22,712,110

The depletion, depreciation and amortization expense charged against operations amounted to \$0.71 million, \$1.50 million and \$1.08 million in 2020, 2019, and 2018, respectively. The depletion expense amounting \$0.05 million, \$0.77 million and \$0.24 million in 2020, 2019, and 2018, respectively, pertains to depletion of wells, platforms and other facilities assigned by the Parent Company to LOGPOCOR.

In 2020, the Parent Company performed impairment test for the Wells, Platforms and Other Facilities of SC 14C1 due to the continued decline in the oil prices.

The recoverable amount of the Wells, Platforms and Other Facilities of SC 14C1 as at December 31, 2020 and 2019, respectively has been determined based on a value in use calculation using cash flow projections from work program and budget approved by senior management covering an eight-year period and five-year period as at December 31, 2020 and 2019, respectively and the work and budget for 2021 and 2020 approved by the DOE as at December 31, 2020 and 2019, respectively. The pre-tax discount rate applied to cash flow projections is 9.10% and 8.35% at December 31, 2020 and 2019, respectively. As a result of this analysis, management has not recognized any impairment for the Wells, Platforms and Other Facilities of SC 14C1 as at December 31, 2020 and 2019.

The calculation of value in use for the Wells, Platforms and Other Facilities of SC 14C1 is most sensitive to the forecasted oil prices which are estimated with reference to external market forecasts of Brent crude prices; volume of resources and reserves which are based on resources and reserves report prepared by third parties; capital expenditure, production and operating costs which are based on the Parent Company's historical experience, approved work programs and budgets, and latest life of well models; and discount rate which were estimated based on the industry weighted average cost of capital (WACC), which includes the cost of equity and debt after considering the gearing ratio. The pre-tax discount rates applied to cash flow projections range from 9.10% to 10.00% and 8.35% to 9.35% as at December 31, 2020 and 2019, respectively.

Value in use is most sensitive to changes in discount rate and cash flows input. All things being equal, change of the discount rate to a rate higher than 53.71% and 22.62% as at December 31, 2020 and 2019 or a decrease in the forecasted oil prices of 22% or 5% for the eight-year period and five-year period as at December 31, 2020 and 2019, respectively would result to impairment of the Wells, Platforms and Other Facilities of SC 14C1.

12. Deferred Exploration Costs

The full recovery of the deferred oil exploration costs incurred in connection with the Parent Company's participation in the acquisition and exploration of petroleum concessions is dependent upon the discovery of oil and gas in commercial quantities from the respective petroleum, concessions and the success of the future development thereof. Deferred exploration costs primarily relate to SC 6.

<u>SC 6 and 6B Cadlao and Bonita Block</u>
SC 6B Bonita Block is part of the retained area of the original SC 6 granted in 1973. The 10-year exploration period and the subsequent 25-year production period expired last February 2009.

In 2009, a 15-year extension period for the Bonita Block was requested from and subsequently granted by the DOE. The conditions for the grant of the 15-year extension period required the submission and implementation of a yearly work program and budget. It includes as well the financial assistance to the DOE for training and scholarships in geological and engineering studies. The term of SC 6 will expire on February 28, 2024.

In 2010, a third party expressed interest to farm-in to and acquire share in the interest in SC 6B by carrying out additional geoscientific studies with option to drill. The farm-in agreement was approved by the DOE in February 2011. The agreement requires the farm-in party to carry out a geological and geophysical program to evaluate the petroleum potential of SC 6B. After the study, the farm-in party have the option to acquire share in the interest in the block. The subsequent work program entails the drilling of a well and the production of hydrocarbons from such well.

In 2013, the farm-in agreement with a third party was not finalized and the participating interests of the joint venture partners reverted to the original interest participation distribution.

In 2014, the Bonita Block was granted a second Extension Period of five (5) years from March 2014 to March 2019. A work program and budget for the initial two-year extension period from March 2014 to March 2016 has been submitted to and approved by the DOE. These include the processing and interpretation of satellite gravity data and three-dimensional seismic data.

The joint operation continued to carry out reprocessing of three-dimensional seismic data through a geophysical company based in Kuala Lumpur, Malaysia. The reprocessed data will then be interpreted in-house to identify leads or prospects that could be possible targets for drilling.

In 2016, additional cost incurred for the yearly work program amounted to $610 by the Parent Company.

In 2017, a European third party expressed interest to farm-in to the Bonita Block. A draft of the Farm-In Agreement was reviewed by the joint venture partners and was submitted to the DOE for their review and approval. The same third party was required in 2018 to submit a work program and budget as well as updated financial statements.

In 2018, one of the joint venturers, Phinma Energy Corporation (formerly, Trans-Asia Oil & Energy Corporation), relinquished its participating interest of 14.063% and assigned this to the remaining partners. The relinquishment and assignment of interest was approved by the DOE.

An in-house evaluation completed by the Operator, Philodrill, in early 2016 shows the East Cadlao Prospect has marginal resources which cannot be developed on a “stand-alone” basis. However, it remains prospective being near the Cadlao Field, which lies in another contract area. In view of this, the Consortium has requested for the reconfiguration of SC 6B to append the Cadlao Field for possible joint development in the future. On March 14, 2018, the DOE approved the annexation of SC 6 to SC 6B. Subsequently, a seismic reprocessing program over East Cadlao and Cadlao Field will now be undertaken.

On October 17, 2019, Philodrill, as the current operator of the SC 6B, received DOE’s approval for the transfer of 70% participating interest of the members of the consortium in SC 6B to Manta Oil Company Ltd. related to the letter dated October 30, 2018 submitted by Philodrill to the DOE documenting the request for the approval of the Deed of Assignment and transfer of participating interest.

As a result, the Parent Company’s interest in SC 6B decreased to 4.909%. A plan of development for the Cadlao Field and East Cadlao Prospect will be submitted to the DOE around June 2020. It will include the drilling of 1-2 deviated production wells.

In 2020, the preparation and submission of a new Plan of Development (POD) was delayed due to the Covid-19 pandemic which caused travel restrictions and lockdowns. The POD should have been submitted by the 1st Quarter 2021 for DOE evaluation. A request was made to the DOE for an extension for the submission of the new Cadlao POD. The extension request was granted up to December 2021.

In 2020, the Parent Company performed impairment test for the deferred exploration costs since the service contract is near its expiration date.

The recoverable amount of the deferred exploration cost as at December 31, 2020 has been determined based on a value in use calculation using cash flow projections approved by senior management covering a six-year period. The pre-tax discount rate applied to cash flow projections is 9.10%. As a result of this analysis, management has not recognized any impairment for the deferred exploration costs.

The calculation of value in use for the deferred exploration costs is most sensitive to the forecasted oil prices which are estimated with reference to external market forecasts of Brent crude prices; volume of resources and reserves which are based on resources and reserves report prepared by the operations team; capital expenditure, production and operating costs which are based on the Parent Company's historical experience, approved work programs and budgets, and latest life of well models; and discount rate which were estimated based on the industry weighted average cost of capital (WACC), which includes the cost of equity and debt after considering the gearing ratio. The pre-tax discount rates applied to cash flow projections range from 9.10% to 10.00% as at December 31, 2020

Value in use is most sensitive to the volume of resources and reserves. All things being equal, change of the volume of resources and reserves to barrels lower than 41.90% would result to impairment of the deferred exploration costs.

13. Accounts and Other Payables and Provision for Plug and Abandonment

	2020	2019
Accounts payable	**$147,277**	$689,172
Dividends payable	**240,274**	80,848
Subscriptions payable	**27,381**	27,381
Others	**6,993**	8,339
	$421,925	$805,740

Accounts payable mainly consist of unpaid legal service fees. These are noninterest-bearing and are normally settled in 30- to 60-day terms.

Dividends payable include amounts payable to the Parent Company's shareholders.

Provision for Plug and Abandonment

In 2020, the two remaining Nido wells were successfully plugged and abandoned. The Parent Company recognized plug and abandonment costs amounting to $0.13 million. As of December 31, 2020, there was no outstanding balance of the provision for the plug and abandonment.

In May 2019, seven production wells in Nido (3 out of 5), Matinloc (3), and North Matinloc (1) were successfully plugged and abandoned, while two remaining Nido wells were only partially abandoned due to difficulties encountered during the plugging operations. In 2019 and 2018, the Parent Company recognized plug and abandonment and stripping costs amounting to $1.36 million and $2.86 million, respectively. As of December 31, 2019, outstanding balance of the provision for the plug and abandonment amounted to $0.83 million (see Note 8).

14. **Capital Stock**

Under the existing laws of the Republic of the Philippines, at least 60% of the Parent Company's issued capital stock should be owned by citizens of the Philippines for the Parent Company to own and hold any mining, petroleum or renewable energy contract area. As at December 31, 2020, total issued and subscribed capital stock of the Parent Company is 98.44% Filipino and 1.56% non-Filipino, as compared to 98.21% Filipino and 1.79% non-Filipino as at December 31, 2019.

As at December 31, 2020 and 2019, this account consists of:

	2020	2019
Class A - $0.0004 (₱0.01) par value		
Authorized – 120 billion shares		
Issued and outstanding – 120 billion shares	**$49,361,387**	$49,361,387
Class B - $0.0004 (₱0.01) par value		
Authorized – 80 billion shares		
Issued and outstanding – 80 billion shares	**32,907,591**	32,907,591
	82,268,978	82,268,978
Subscriptions receivable		
Subscribed - 475.97 million shares	**(277,710)**	(277,744)
Capital in excess of par value	**3,650,477**	3,650,477
	$85,641,745	$85,641,711

All shares of stock of the Parent Company enjoy the same rights and privileges, except that Class A shares shall be issued solely to Filipino citizens, whereas Class B shares can be issued either to Filipino citizens or foreign nationals. There were no issuances of additional common shares in 2020 and 2019.

The Parent Company's track record of capital stock follows:

	Number of shares registered	**Issue/ offer price**	**Date of SEC approval**	**Number of Holders as of yearend**
Listing by way of introduction	10,000,000,000	₱0.01	Mar. 24, 1970	
Additions:				
	2,500,000,000	0.01	Mar. 23, 1981	
	37,500,000,000	0.01	Aug. 5, 1988	
	50,000,000,000	0.01	Nov. 14, 1989	
	100,000,000,000	0.01	May 31, 1995	
December 31, 2015	200,000,000,000			11,859
Deduct: Movement	–			(32)
December 31, 2016	200,000,000,000			11,827
Deduct: Movement	–			(121)
December 31, 2017	200,000,000,000			11,706
Deduct: Movement	–			(74)
December 31, 2018	200,000,000,000			11,632
Deduct: Movement	–			(29)
December 31, 2019	200,000,000,000			11,603
Deduct: Movement	–			(9)
December 31, 2020	200,000,000,000			11,594

Cash Dividends
On June 25, 2020, the Parent Company's Board of Directors (BOD) approved the declaration of cash dividends of $0.00001 per share totaling to $2.00 million to the stockholders of record of common stocks as of July 24, 2020 coming from the Parent Company's unrestricted retained earnings as of December 31, 2019.

On June 27, 2019, the Parent Company's BOD approved the declaration of cash dividends of $0.00001 per share totaling to $1.94 million to the stockholders of record of common stocks as of July 26, 2019 coming from the Parent Company's unrestricted retained earnings as of December 31, 2018.

15. General and Administrative Expenses

	2020	2019	2018
Staff costs (Note 17)	**$521,861**	$530,862	$494,201
Taxes and licenses	**41,011**	11,976	8,026
Professional fees	**20,892**	22,287	16,300
Rent (Note 19)	**15,453**	14,080	13,057
Messengerial services	**8,478**	10,560	7,737
Transportation and communication	**8,429**	9,044	4,282
Advertising and publication	**2,894**	–	211
Insurance	**1,630**	1,589	1,502
Utilities	**1,296**	1,425	1,644
Entertainment, amusement and recreation	**483**	2,623	5,567
Printing	**–**	6,737	6,672
Registration and filing fees	**–**	184	75,875
Miscellaneous	**36,041**	14,859	13,817
	$658,468	$626,226	$648,891

Miscellaneous includes office supplies, repairs and maintenance, association/membership dues and bank charges.

16. Other Income

Other income includes refunds from standby letter of credit and reversal of long-outstanding payables in 2020 and 2019, respectively.

17. Retirement Plan

The Parent Company has a funded, noncontributory defined benefit type of retirement plan covering substantially all of its employees. The benefits are based on defined contribution formula with a minimum lump-sum guarantee of one (1) month for every year of service up to 20 years and 1.5 months in excess of 20 years.

Under the existing regulatory framework, Republic Act (RA) 7641, the Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Parent Company's retirement plan meets the minimum retirement benefit specified under RA 7641. The Parent Company updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary.

Components of pension expense in the separate statements of income included in general and administrative expenses under 'Staff costs' account are as follows:

	2020	2019	2018
Current service cost	**$38,882**	$26,193	$26,016
Interest cost on defined benefit obligation	**27,599**	18,021	13,785
Total pension expense	**$66,481**	$44,214	$39,801

Changes in the present value of defined benefit obligation follow:

	2020	2019
Balances at beginning of year	**$522,357**	$387,141
Current service cost	**38,882**	26,193
Interest cost on defined benefit obligation	**27,599**	18,021
Foreign currency translation adjustment	**29,396**	7,972
Remeasurement losses (gains) arising from:		
Experience adjustments	**(12,858)**	33,427
Financial assumptions	**2,929**	49,583
Demographic assumptions	**41,487**	–
Balances at end of year	**$649,792**	$522,337

The principal actuarial assumptions used in determining the pension liability for the Parent Company's plan follow:

	2020	2019
Rate of salary increase	**5.70%**	5.70%
Discount rate	**3.77%**	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	Effect on defined benefit obligation		
	Increase (decrease)	**2019**	2019
Discount rates	+100 basis points	**($34,294)**	($23,955)
	-100 basis points	**40,080**	27,833
Future salary increases	+1.00%	**38,892**	39,414
	-1.00%	**($34,012)**	($26,926)

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which change other than those assumed may be deemed to be more reasonable.

The weighted average duration of the defined benefit obligation is 12.20 years and 12.85 years as of December 31, 2020 and 2019, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2020 and 2019:

	2020	2019
Less than 1 year	**$362,464**	$322,023
More than 1 year to 5 years	**27,829**	28,296
More than 5 years	**1,046,656**	998,355

18. **Income Tax**

	2020	2019	2018
Current			
RCIT	**$–**	$–	$183,138
Final	**405,580**	497,316	376,749
	405,580	497,316	559,887
Deferred	**1,020,418**	(569,664)	(618,554)
	$1,425,998	($72,348)	($58,667)

The Parent Company's net deferred tax liabilities as of December 31, 2020 and 2019 are detailed below:

	2020	2019
Deferred tax assets on:		
Pension liability	**$194,938**	$153,536
NOLCO	**–**	579,228
Unrealized foreign exchange loss	**–**	344,792
Provision for plug and abandonment	**–**	240,152
	194,938	1,317,708
Deferred tax liability on		
Unrealized foreign exchange gain	**(110,378)**	–
Excess of book over tax base of property and equipment	**(2,713,968)**	(1,675,824)
	($2,629,408)	($358,116)

As of 2020, the Company did not recognize deferred tax assets on NOLCO amounting to $0.94 million, since it is not probable that sufficient taxable income will be available against which can be utilized.

NOLCO

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2019, the Parent Company has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Amount	Applied/Expired	Balance	Expiry Year
2019	$1,930,543	–	$1,930,543	December 31, 2022

As of December 31, 2020, the Parent Company has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Amount	Applied/Expired	Balance	Expiry Year
2020	$1,158,356	₱–	$1,158,356	December 31, 2025

The reconciliation of the statutory income tax rate to the effective income tax follows:

	2020	2019	2018
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effects of:			
Nondeductible expense	**23.98**	268.89	85.55
Changes in unrecognized deferred tax assets on deductible temporary differences	**49.60**	15.15	(43.06)
Dividend income	**(21.44)**	(68.26)	(10.63)
Interest income subjected to final tax	**(24.20)**	(146.85)	(31.27)
Income exempt from tax	**(11.74)**	(197.84)	(92.22)
Others	**(10.62)**	95.71	67.10
Effective income tax rate	**35.58%**	(3.20%)	5.47%

19. Related Party Transactions

Parties are 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; and the parties are subject to common control. Related parties may be individuals or corporate entities.

The amounts and the balances arising from the significant related party transactions are as follow:

	2020			
	Amount/ Volume	Outstanding Balance	Terms	Conditions
Subsidiary				
a. Depletion	**$46,697**	**($19,538,946)**	Non - interest bearing, payable on demand	Unsecured
Other related parties				
b. Cash and cash equivalents	**$–**	**$7,038,106**	Interest bearing at prevailing market rate;1.625% to 3.75% per annum; due and demandable	No impairment
Short-term investments	**1,034,175**			
Interest income	**86,104**	–	–	–
c. Rent	**15,453**	–	Non-interest bearing payable on demand	Unsecured

		2019			
		Amount/ Volume	Outstanding Balance	Terms	Conditions
Subsidiary					
d.	Depletion	$771,008	($19,492,249)	Non - interest bearing, payable on demand	Unsecured
Other related parties					
e.	Cash and cash equivalents	$–	$522,141	Interest bearing at prevailing market rate;1.625% to 3.75% per annum; due and demandable	No impairment
	Interest income	62,274	–	–	–
f.	Rent	14,080	–	Non-interest bearing payable on demand	Unsecured

a. The Parent Company has money market placements with an affiliated bank, a subsidiary of a stockholder.

b. The Parent Company entered into a lease agreement with an affiliate covering the office space it occupies, which is renewable annually. The Company applied the 'short-term lease' and lease of 'low-value assets' recognition exemption for these leases. Total rental expense recognized in general and administrative expenses under the consolidated statement of comprehensive income under these lease agreements amounted to $15,453 and $14,080 for the years ended December 31, 2020 and 2019, respectively.

Compensation of key management personnel of the Parent Company follows:

	2020	2019	2018
Short-term employee benefits	**$294,637**	$264,050	$246,537
Post employment benefits	**87,656**	57,657	20,373
	$382,293	$321,707	$266,910

20. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments comprise of cash and cash equivalents, receivables, short-term and long-term investments, equity instruments at FVOCI, debt instruments at amortized cost, and accounts and other payables (excluding statutory liabilities). The main objectives of the Parent Company's financial risk management are as follow:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The main risks arising from the Parent Company's financial instruments are liquidity, credit, foreign currency, and equity price risk.

The Parent Company's risk management policies are summarized below:

a) *Liquidity risk*
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Parent Company seeks to manage its liquidity profile to be able to finance its operations, capital expenditures and service maturing debts.

The Parent Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Parent Company maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.

As of December 31, 2020 and 2019, all financial liabilities are expected to mature within one (1) year. All commitments up to a year are either due within the time frame or are payable on demand.

The table below summarizes the maturity profile of the Parent Company's financial assets and liabilities based on remaining undiscounted contractual obligations:

	2020			
	On Demand	**Less than a year**	**One year or more**	**Total**
Financial Assets				
Cash in banks and cash equivalents	**\$695,522**	**\$14,603,112**	**\$–**	**\$15,298,634**
Receivables:				
Due from operators	**1,158,466**	**–**	**–**	**1,158,466**
Interest receivable	**–**	**223,495**	**–**	**223,495**
Dividend receivable	**–**	**182,280**	**–**	**182,280**
Trade receivables	**86,369**	**–**	**–**	**86,369**
Investments:				
Short-term investments	**–**	**1,034,175**	**–**	**1,034,175**
Equity instruments at FVOCI	**–**	**–**	**36,986,361**	**36,986,361**
Debt instruments at amortized cost	**–**	**–**	**27,997,544**	**27,997,544**
	1,940,357	**16,043,062**	**64,983,905**	**82,967,324**
Other Financial Liabilities				
Accounts and other payables*	**414,132**	**–**	**–**	**414,132**
Net exposure	**\$1,526,225**	**\$16,043,062**	**\$64,983,905**	**\$82,553,192**

**Excludes statutory payables*

	2019			
	On Demand	Less than a year	One year or more	Total
Financial Assets				
Cash in banks and cash equivalents	\$238,818	\$17,648,835	\$–	\$17,887,653
Receivables				
Due from operators	455,224	–	–	455,224
Interest receivable	–	262,297	–	262,297
Dividend receivable	176,974	87,467	–	264,441
Trade receivable	–	91,227	–	91,227
Other receivables	–	530	–	530
Investments:				
Short-term investments	–	1,501,897	–	1,501,897
Equity instruments at FVOCI	–	–	31,080,859	31,080,859
Debt instruments at amortized cost	–	–	27,291,700	27,291,700
	871,016	19,592,253	58,372,559	78,835,828
Other Financial Liabilities				
Accounts and other payables*	191,648	605,753	–	797,401
Net exposure	\$679,368	\$18,986,500	\$58,372,559	\$78,038,427

**Excludes statutory payables*

Correspondingly, the financial assets that can be used by the Parent Company to manage its liquidity risk consist of cash and cash equivalents, long-term investments, receivables and equity instruments at FVOCI as of December 31, 2020 and 2019, which are usually on demand or collectible within a term of 30 days. The long-term investments matured in 2019.

b) *Credit risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Parent Company trades only with its dealers. Receivable balances are monitored on an ongoing basis with the result that the Parent Company's exposure to bad debts is not significant.

The investment of the Parent Company's cash resources is managed to minimize risk while seeking to enhance yield. The holding of loans and receivables, equity instruments at FVOCI, AFS investments, debt instruments at amortized cost and HTM investments exposes the Parent Company to credit risk of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets, if the counterparty is unwilling or unable to fulfill its obligation. Credit risk management involves entering into transactions with counterparties that have acceptable credit standing.

The table below shows the maximum exposure to credit risk for the components of the separate statements of financial position:

	2020	2019
Financial assets at amortized cost		
Cash in banks and cash equivalents	**$15,298,634**	$17,887,653
Short-term investments	**1,034,175**	1,501,897
Due from operators	**1,158,466**	455,224
Interest receivable	**233,495**	262,297
Dividend receivable	**182,280**	264,441
Trade receivable	**86,369**	91,227
Other receivables	–	530
Debt instruments at amortized cost	**27,997,544**	27,291,700
Equity instruments at FVOCI	**36,986,361**	31,080,859
	$82,977,324	$78,835,828

In 2020 and 2019, the Parent Company's cash in banks and cash equivalents, short-term and long-term investments are considered high-grade while the remaining financial assets are considered standard grade.

The Company uses the following criteria to rate credit quality:

Class	Description
High Grade	Financial assets that are deposited in/or transacted with reputable banks which have low probability of insolvency
Standard Grade	Financial assets of companies that have the apparent ability to satisfy its obligations in full

c) *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Parent Company's principal transactions are carried out in Philippine Peso and its exposure to foreign currency exchange risk arises from purchases in currencies other than the Parent Company's functional currency. The Parent Company believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits in the type of business in which the Parent Company is engaged.

The Parent Company's foreign exchange risk results primarily from movements of U.S. Dollar against other currencies. As a result of the Parent Company's investments and other transactions in Philippine Peso, the separate statements of income can be affected significantly by movements in the U.S. Dollars.

The following table shows the foreign currency-denominated assets and liabilities expressed in Philippine Peso (PHP) and their U.S. Dollar (USD) equivalents as of December 31:

	2020		2019	
	In PHP[1]	**In USD**	In PHP[1]	In USD
Financial Assets				
Cash and cash equivalents	**₱218,650,757**	**$4,550,169**	₱305,814,535	$6,026,615
Short-term Investments	**49,677,630**	**1,034,175**	–	–
Dividend receivable	**8,756,002**	**182,280**	13,417,746	264,441
Interest receivable	**10,506,320**	**218,717**	12,338,852	243,159
Equity instruments at FVOCI	**1,776,676,837**	**36,986,361**	1,575,264,261	31,080,859
Debt instruments at amortized cost	**1,344,890,024**	**27,997,544**	1,384,890,000	27,291,700
	3,409,157,570	**70,969,246**	3,291,725,394	64,906,774
Other Financial Liabilities				
Accounts and other payables	**21,281,053**	**421,925**	15,815,761	311,677
Net foreign currency- denominated assets	**₱3,387,876,517**	**$70,547,321**	₱3,275,909,633	$64,595,097

[1] The exchange rates used as of December 31, 2020 and 2019 are $0.02081 to ₱1 and $0.01972 to ₱1, respectively..

The following table demonstrates sensitivity to a reasonably possible change in the Philippine Peso exchange rate, with all other variables held constant, of the Parent Company's income before income tax in 2020 and 2019. There is no other impact on the Parent Company's equity other than those already affecting income.

The sensitivity is based on the historical volatility of exchange rate of US Dollar against Philippine Peso during the current year. The analysis is based on the assumption that current year's volatility will be the same in the following year.

	Change in PHP rate	Effect on income before income tax
2020	**+1.17%**	**($831,861)**
	-1.17	**831,861**
2019	+3.84%	($2,480,452)
	-3.84	2,480,452

d) *Equity price risk*

Equity price risk is the risk that the fair values of investments in quoted equity securities could decrease as a result of changes in the prices of equity indices and the value of individual stocks. The Parent Company is exposed to equity securities price risk because of investments held by the Parent Company, which are classified in the separate statement of financial position as Equity instruments at FVOCI.

The following table shows the sensitivity of the Parent Company's equity (through OCI) from changes in the carrying value of the Parent Company's equity instruments at FVOCI and AFS investments due to reasonably possible changes in the Philippine Stock Exchange index (PSEi), with all other variables held constant. The analysis links PSEi changes, which proxies for general market movements, to individual stock prices through adjusted betas of each individual stock. Betas are coefficients depicting the sensitivity of individual stock prices to market movements.

The sensitivity is based on the historical volatility of PSEi for the current year. The analysis is based on the assumption that current year's PSEi volatility will be the same in the following year.

	Percentage Change in PSEi	Effect on income before income tax
2020	**+33%**	**$12,093,322**
	-33	**(12,093,322)**
2019	+14%	$4,351,320
	-14	(4,351,320)

Capital Management
The primary objective of the Parent Company's capital management is to ensure that it maintains a strong credit rating in order to support its business and maximize shareholder value.

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders or issue new shares.

The Parent Company considers its capital stock, net of any subscription receivable, and retained earnings which amounted to $91.07 million and $90.48 million as of December 31, 2020 and 2019, respectively, as its capital employed. No changes were made in the objectives, policies or processes during the years ended December 31, 2020 and 2019.

Fair Values
Due to the short-term nature of the transactions, the carrying values of cash and cash equivalents, receivables, short-term investments, accounts and other payables (excluding statutory liabilities) approximate the fair value.

The fair value of the equity instruments at FVOCI that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business as of the reporting date.

The fair value of the debt instruments at amortized cost that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business as of the reporting date. As at December 31, 2020 and 2019, fair value and carrying value of debt instruments at amortized cost amounted to $28.00 million and $27.29 million, respectively (see Note 9).

Fair Value Hierarchy
The Parent Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2020 and 2019, the fair value of equity instruments at FVOCI under level 1 hierarchy amounted to $36.99 million and $31.08 million, respectively (see Note 9).

There has been no transfer from Level 1 to Level 2 or 3 categories in 2020, 2019 and 2018.

21. Basic/Diluted Earnings Per Share

The Parent Company's earnings per share were computed as follows:

	2020	2019	2018
Net income	**$2,582,906**	$2,331,090	$938,498
Divided by weighted average number of common shares outstanding	**200,000,000,000**	200,000,000,000	200,000,000,000
	$0.000013	$0.000012	$0.000005

For the years ended December 31, 2020, 2019 and 2018, there were no outstanding potentially dilutive common shares.

22. Subsequent Events

COVID-19 Pandemic
The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country starting March 16, 2020 have caused disruptions in the Parent Company's business activities. However, there have been easing of quarantine measures in key areas in the Philippines and the rollout of the national vaccination program is expected to further improve market activities. As of reporting date, Metro Manila is placed under Enhanced Community Quarantine (ECQ).

SPA and farm-out agreement in respect of SC 14 Block C-2 West Linapacan
On January 7, 2020, the Company and other members of the Consortium of the service contract entered into a SPA and farm-out agreement with a third party for the sale and assignment of the 28.21% interest of the Company in SC 14 Block.

On March 31, 2021, the SPA and farm-out agreement has been terminated.

The carrying value of wells, platforms and other facilities from SC 14 Block C-2 amounted to $19.89 million as of December 31, 2020 and 2019.

CREATE Act
President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Company would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Parent Company for CY2020 is 27.5%. This will have no impact on the provision for current income tax for the year ended December 31, 2020 and income tax payable as of December 31, 2020.

- This will result in lower deferred tax assets and liabilities as of December 31, 2020 and provision for deferred tax for the year then ended by $0.44 million. These reductions will be recognized in the 2021 consolidated financial statements.

23. Approval of Financial Statements

The accompanying parent company financial statements were authorized for issue by the Board of Directors on April 20, 2021.

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Oriental Petroleum and Minerals Corporation
34th Floor, Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Oriental Petroleum and Minerals Corporation (the Parent Company) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated April 20, 2021. Our audits were made for the purpose of forming an opinion on the basic parent company financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Parent Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic parent company financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Parent Company's financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Ysmael S. Acosta
Partner
CPA Certificate No. 112825
SEC Accreditation No. 1744-A (Group A),
March 14, 2019, valid until March 13, 2022
Tax Identification No. 301-106-775
BIR Accreditation No. 08-001998-130-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534209, January 4, 2021, Makati City

April 20, 2021

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SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Oriental Petroleum and Minerals Corporation
34th Floor, Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of Oriental Petroleum and Minerals Corporation (the Parent Company) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and have issued our report thereon dated April 20, 2021. Our audits were made for the purpose of forming an opinion on the parent company financial statements taken as a whole. The schedules listed in the Index to the Parent Company Financial Statements and Supplementary Schedules are the responsibility of the management of Oriental Petroleum and Minerals Corporation. These schedules are presented for the purpose of complying with Revised Securities Regulation Code Rule 68 and are not part of the basic parent company financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic parent company financial statements and, in our opinion, fairly state in all material respects, the information required to be set forth therein in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ysmael S. Acosta
Partner
CPA Certificate No. 112825
SEC Accreditation No. 1744-A (Group A),
March 14, 2019, valid until March 13, 2022
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April 20, 2021

ORIENTAL PETROLEUM AND MINERALS CORPORATION
INDEX TO THE PARENT COMPANY FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

ORIENTAL PETROLEUM AND MINERALS CORPORATION

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SRC RULE 68

DECEMBER 31, 2020

Schedule A. Financial Assets

The Parent Company's financial assets include investments in quoted equity securities and corporate bonds.

Below is the detailed schedule of financial assets in equity securities and corporate bonds of the Parent Comapny as of December 31, 2020:

Name of Issuing Entity and Association of Each Issue	Amount Shown in the Consolidated Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
Debt Instruments at Amortized Cost			
Various	$27,997,544	$27,997,544	$1,785,020
Equity Instruments at Fair Value through Other Comprehensive Income			
Various	36,986,361	36,986,361	1,733,762
Total	$64,983,905	$64,983,905	$3,518,627

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

The Parent Company has no receivable from directors, officers, employees, related parties and principal stockholders above ₱1 million ($20,818) or 1% of total consolidated assets as of December 31, 2020.

Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivables (payables) with related parties, which are eliminated in the consolidated financial statements as of December 31, 2020.

	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at end of period
Linapacan Oil, Gas and Power Corporation	($19,492,249)	($46,697)	$–	$–	$–	($19,538,946)	($19,538,946)
Oriental Land Corporation	(8,123)	–	–	–	–	(8,123)	(8,123)
Oriental Mahogany Woodworks, Inc.	96,369	–	–	–	–	96,369	96,369
	($19,404,003)	($46,697)	$–	$–	$–	($19,450,700)	($19,450,700)

Schedule D. Intangible Asset

The Parent Company has no intangible asset as of December 31, 2020.

Schedule E. Long-term Debt

The Parent Company has no long-term debt as of December 31, 2020.

Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

The Parent Company has no outstanding liabilities to related parties as of December 31, 2020.

Schedule G. Guarantees of Securities of Other Issuers

The Parent Company does not have guarantees of securities of other issuers as of December 31, 2020.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	200,000,000,000	200,000,000,000	–	80,716,006,109	3,079,201,379	116,204,792,512

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

ANNEX 68-D. RECONCILIATION OF UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2020

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year		$4,843,234
Net income based on the face of audited financial statements	$2,582,906	
Less: Non-actual/unrealized income net of tax		
• Amount of recognized DTA that reduced the amount of income tax expense	–	
• Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	(1,311,715)	
• Equity in net income of associate/joint venture	–	
• Unrealized actuarial gain	–	
• Fair value adjustment (mark-to-market gains)	–	
• Fair value adjustment of investment property resulting to gain	–	
• Adjustment due to deviation from PFRS - gain	–	
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Add: Non-actual losses		
• Depreciation on revaluation increment (after tax)	–	
• Adjustment due to deviation from PFRS - loss	–	
• Loss on fair value adjustment of investment property (after tax)	–	
Net income actually earned during the period		1,271,191
Less:		
• Dividends declaration during the period	$1,997,122	
• Realized loss on redemption/disposal of equity instruments at FVOCI transferred to retained earnings	–	
• Appropriations of retained earnings during the period	–	
• Reversals of appropriations	–	
• Effects of prior period adjustments	–	
• Treasury shares	–	
		1,997,122
Unappropriated Retained Earnings, available for dividend distribution		$4,117,303

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ANNEX 68-E. SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Below are the financial ratios that are relevant to the Parent Company for the year ended December 31, 2020 and 2019:

Financial ratios		2020	2019
Current ratio	**Current assets (CA)** / **Current liabilities (CL)**	**0.91:1**	**1.00:1**
Acid test ratio	**Current assets (CA) – Inventory – Prepayments** / **Current liabilities (CL)**	**0.90:1**	**0.97:1**
Solvency ratio			
Debt-to-equity ratio	**Not Applicable**		
Asset-to-equity ratio	**Total assets** / **Total equity**	**1.25:1**	**1.26:1**
Interest rate coverage ratio	**Not Applicable**		
Return on equity	**Net income** / **Average equity**	**1.86%**	**2.62%**
Return on assets	**Net income** / **Average assets**	**2.24%**	**2.07%**
Net profit margin	**Net income** / **Total Revenue**	**202.22%**	**54.87%**
Net working capital ratio	**CA – CL** / **Total assets**	**(0.02:1)**	**0.01:1**

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MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

FOR THE YEAR ENDED DECEMBER 31, 2020