

Certification

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

- 1) That on behalf of Forum Pacific, Inc., I have caused this Annual Report SEC Form 17-A to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company Forum Pacific, Inc. will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this JUN 29 2020 day of _____, 20____.



Affiant

SUBSCRIBED AND SWORN to before me this QUEZON CITY day of JUN 29 2020, 20____.

NOTARY PUBLIC

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PAGE# 5
BOOK# 81
SERIES OF 2020


ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2021
PTR No. 9296041 – 1-2-2020/ QC
IBP No. 093586 – 10-22-2019/ QC
Roll No. 30457 – 05-09-80
MCLE VI – 0030379
Adm. Matter No. NP-001(2020-2021)
TIN No. 131-942-754

COVER SHEET

A S 9 3 0 0 0 1 2 0

SEC Registration No.

F O R U M P A C I F I C , I N C .

(Company's Full Name)

3 5 F O N E C O R P O R A T E C E N T R E

D O N A J U L I A V A R G A S C O R M E R A L C O

A V E S . O R T I G A S C E N T E R P A S I G

(Business Address : No. Street City / Town / Province)

Atty. Arsenio A. Alfiler Jr.

Contact Person

(632) 8706-7888

Contact Telephone No.

1 2 3 1

Fiscal Year

1 7 - A

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

865

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

Annual Report: FPI

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A**

**ANNUAL REPORT PURSUANT TO SECTION 11
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the Calendar Year ended December 31, 2019

2. SEC Identification Number AS93000120

3. BIR Tax Identification No. 002-155-598-000

4. **FORUM PACIFIC, INC.**
Exact name of registrant as specified in its charter

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

6. (SEC Use only)
Industry Classification Code

7. **35/F, One Corporate Centre, Doña Julia Vargas Ave., cor. Meralco Ave. Ortigas Center, Pasig City**
Address of principal office

8. **Telephone No. 8706-7888**
Registrant's telephone number, including area code

9. **Not applicable**
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 4 and 8 of the RSA:

<u>Title of Each Class</u>	<u>No. of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Shares – ₱1.00 par value	Issued - ₱1,838,943,246 (Partially paid Subscription – ₱1,148,264,079)

11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes [] No. []

12. Check whether the registrant:

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

Yes [] No []

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

Yes [] No []

13. The aggregate market value of the voting stock held by non-affiliates: ₱194,869,634

14. Not Applicable

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

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

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

Business Focus for the Coming Year

Aside from the investment made during 2017 in Taguig Lake City Development Corporation – a newly formed corporation engaged in the real estate industry, the Company will further outline business target projects, welcome other business opportunities from different industries apart from oil and gas and mineral exploration; and improve its financial position. As mentioned above, the management is currently discussing on how the Company will proceed with its remaining 33.33% capital stock investment in Forum Exploration, Inc., specifically whether to sell its interest or enter into partnership with potential buyers.

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

Description of Registrant

(i) Principal products and services

Forum Pacific Inc. is a publicly listed holding company owning shares of stocks of an exploration company.

(ii) Export Sales

Forum Pacific, Inc. is not engaged in export sales.

(iii) Distribution Methods of the Products

Forum Pacific, Inc. has no distributions of products.

(iv) Publicly-announced new product or service

Forum Pacific, Inc. has no publicly-announced product or service.

(v) Competition

Since the Company is still on the exploration period, the company is not engaged in any competitions.

(vi) Sources and availability of raw materials and principal supplier

None

(vii) Dependence on one or few major customers

Forum Pacific, Inc. is not dependent on any one industry, company or customers.

(viii) Transactions with and/or dependence on related parties

Forum Pacific, Inc. has no major transactions on related parties.

(ix) Patent, Trademark, Copyright, Franchise, Concession or Royalty Agreement

None

(x) Government Approval of Principal Products or Services

Forum Pacific, Inc. has no major approval from the government.

(xi) Effect of Existing or Probable Governmental Regulations on Business

None

(xii) Estimate of the Amount Spent During Each Year of the Last Three Calendar Years on Research and Development Activities

None

(xiii) Cost and Effects of Compliance with Environmental Laws

Forum Pacific, Inc. has no cost and effects of compliance with environmental laws.

(xiv) Total Number of Fulltime Employees (as of December 31, 2019)

None

(xv) Major Risk

None

Additional Requirements as to Certain Issues or Issuers

Not Applicable

Item 2. Legal Proceedings

A case of illegal dismissal and claims for unpaid salaries, back wages, separation pay and damages was filed by an employee (logistic coordinator), on February 1996. The respondents on the said case are James Dale Hood, Air Philippines International (Formerly), Cophil Exploration & Drilling Co., Air Philippines International, Inc. and Forum Exploration, Inc. The management has its lawyer take care of the settlement and will plan to meet with the Sheriff or labor officer in-charge with the case. As of December 31, 2019, the claimant didn't make any demands or appeared before the Company's principal office address to enforce the said writ of execution.

Item 3. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the calendar year covered.

Item 4. Properties

The Company leases an office space from The Wellex Group, Inc. (TWGI) located at the 35th Floor One Corporate Centre, Doña Julia Vargas Ave. corner Meralco Ave., Ortigas Center, Pasig City. The lease is for a period of two (2) years in May 2014 and renewable thereafter upon mutual agreement of both parties. The contract has been renewed thrice since then and is currently valid until April 30, 2022. Office space monthly rental including storage room usage and utilities is ₱18,500, exclusive of VAT and withholding tax.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

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

		<u>“CLASS A”</u>	
		High	Low
2019	First Quarter	0.340	0.203
	Second Quarter	0.280	0.224
	Third Quarter	0.295	0.220
	Fourth Quarter	0.229	0.201
2018	First Quarter	0.270	0.185
	Second Quarter	0.265	0.190
	Third Quarter	0.236	0.195
	Fourth Quarter	0.240	0.188
2017	First Quarter	0.270	0.178
	Second Quarter	0.236	0.178
	Third Quarter	0.295	0.193
	Fourth Quarter	0.210	0.180

The high, low and close market prices are ₱0.200, ₱0.199 and ₱0.199 per share as of June 11, 2020 (latest practicable trading date).

The Corporation has only one class of registered security, “Class A – Common Shares”.

Dividends

The company's Articles of Incorporation states that dividends may be declared only out of the unrestricted retained earnings. The Company has declared no cash dividends on its common shares for the previous years. The Company's financial statements as of December 31, 2019 reflect negative retained earnings. Thus, unless the Company's retained earnings position changes, the directors will not be able to legally declare any dividends on its common shares.

Forum Pacific Inc. has no restrictions that limit the ability to pay dividends on common equity.

Recent Sales of Unregistered or Exempt Securities

There are no recent sales of unregistered or exempt securities.

Holdings

The number of shareholders of record as of December 31, 2019 was 865. Common shares issued and subscribed as of December 31, 2018 were 1,838,943,246.

Top 20 Stockholders as of December 31, 2019 are as follows:

	NAME	CLASS A (Number of Shares Held)	% Total
1	INTERNATIONAL POLYMER CORPORATION	496,887,494	26.501
2	PCD NOMINEE CORPORATION	416,720,474	22.225
3	THE WELLEX GROUP, INC.	376,950,000	20.104
4	E.F. DURKEE & ASSOCIATES, INC.	77,838,563	4.151
5	INTRA-INVEST SEC., INC.	48,159,000	2.568
6	METROPOLITAN MANAGEMENT CORPORATION	30,000,000	1.600
7	JUANITO C. UY	22,625,001	1.207
8	PCD NOMINEE CORP. (NON-FILIPINO)	21,370,050	1.140

9	PACRIM ENERGY N.L.	21,000,000	1.120
10	SAPPHIRE SECURITIES INC.	19,433,500	1.036
11	BENITO ONG AND/OR ZITA Y. ONG	18,000,000	0.960
12	LI CHIH-HUI	17,100,000	0.912
13	NESTOR S. MANGIO	12,500,000	0.667
14	A & A SECURITIES, INC.	11,911,320	0.635
15	MARK SECURITIES CORPORATION	10,772,800	0.575
16	GLOBALINKS SEC & STOCKS, INC. A/C # CWUSO001	9,400,000	0.501
17	BELSON SECURITIES, INC.	9,200,000	0.491
18	WEALTH SECURITIES, INC.	8,240,000	0.439
19	RUBEN M. GAN	7,610,000	0.406
20	DAVID GO SECURITIES CORPORATION	6,880,000	0.367

Equity Ownership of Foreigners as of December 31, 2019:

Class of Security	Total Outstanding Shares	Shares Allowed to Foreigners	Shares Owned by Foreigners	% Owned by Foreigners	Shares Owned by Filipino	% Owned by Filipino
"A"	1,838,943,246	735,577,298	51,314,942	2.790	1,787,628,304	97.210

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

(1) Management's Discussion and Analysis

Key Performance Indicators

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

1. Advances to Related Parties – currently, The Wellex Group, Inc. (TWGI), one of the company's major stockholders, is funding all operational expenses of the Company. Total advances made as of December 31, 2019 and 2018 are ₱2,183,312 and ₱2,703,984, respectively. These advances are offset against the outstanding receivable of the company from TWGI.
2. Current Ratios - current assets against the current liabilities of the Company. It measures the company's ability to pay short-term obligations. Current ratio for the year 2019 is 70.10% and 93.17% for 2018. A significant decrease in the ratio by 23.07% was mainly due to net cash decrease of ₱72,637. The net decrease is composed of cash flows from operating, investing and financing activities.
3. Cash Ratio - the most conservative liquidity ratio. It excludes all current assets except the most liquid: cash and cash equivalents. It measures the amount of cash and cash equivalents there are in the current assets to cover current liabilities. The cash ratio of the company for the year 2019 is 58.96% and 80.61% for 2018. Same with the current ratio, decrease in cash ratio was due to decrease in cash resulting from the Company's cash flows from operating, investing and financing activities.
4. Debt ratio - it is one of the financial leverage ratios which measure the extent to which the firm is using long term debt. Formula is total debt divided by total assets. Debt ratio for the year 2019 is 1.35% and 1.38% for 2018.
5. Debt-to-equity ratio - the formula is total debt divided by total equity. It indicates what proportion of equity and debt that the company is using to finance its assets. The debt to equity ratio for the year 2019 is 1.35% and 1.40% for 2018.

Financial Highlights

The following table shows the comparative operating data and financial statements of the Company for the years ending December 31, 2019, 2018 and 2017.

	2019	2018	2017
	₱-	₱-	₱-
Revenues			
Cost and Expenses	1,994,414	2,173,246	2,596,954
Gross Profit (Loss)	(1,994,414)	(2,173,246)	(2,596,954)
Other income (expenses)	(68,358)	(455,298)	(20,174,773)
Net income (loss) before tax	(2,062,772)	(2,628,544)	(22,771,727)
Benefit from (provision for) income tax			
Current	-	-	-
Deferred	1,191	-	-
Net income (loss) for the year	(₱2,061,580)	(₱2,628,544)	(₱22,771,727)

Other comprehensive loss:			
Unrealized gain (loss) on AFS financial asset	(2,007,862)	5,772,603	3,764,742
Total comprehensive income (loss) for the year	(P4,069,442)	P3,144,059	(P19,006,985)
Earnings (loss) per share	(P0.002)	(P0.002)	(P0.019)

CHANGES IN RESULTS OF OPERATION

Revenues and Earnings per share

Since the company ceased to have control over Express Savings Bank, Inc. and still banking on new petroleum and gas service contracts, the company has no revenues recorded in the year 2019, 2018 and 2017.

The company incurred losses of P2.1M, P2.6M and P22.8M in 2019, 2018 and 2017, respectively. Loss per share for 2019, 2018 and 2017 were P0.002, P0.002 and P0.019, respectively. In line with the plan for the next twelve months, the Board will continue to explore business opportunities to aspire for maximized potential earnings.

Cost and Expenses

Cost and expenses consisted primarily of professional fees, taxes and licenses, PSE annual maintenance fee, management fee and office rental. For the years 2019 and 2018 amounts recorded were P2.0M and P2.2M respectively. Decrease of P0.2M is attributable to the decrease in legal expenses in connection with the legal fees. See notes to financial statement for the breakdown of the expenses.

Other Income (Expenses)

This account is composed of provision for doubtful accounts on advances to related parties and provision for impairment of input tax, net of unrealized foreign exchange gain (loss), interest income and other income.

For 2019 and 2018, the Company provided an allowance for impairment of input tax amounting to P192,517 and P235,433, respectively. An additional allowance for impairment on AFS financial assets and advances to Forum Exploration, Inc. (FEI) was provided for 2019 and 2018 amounting to P0 and P0, respectively. Unrealized foreign exchange loss/gain for 2019 and 2018 are P161,284 and (P220,324), respectively. It arises from the fluctuation of Peso to U.S. dollar exchange rates on the Company's payable to FEI, Ltd. amounting to \$82,229.24 as of December 31, 2019. Interest and other income for 2019, 2018 and 2017 amounted to P553, P459 and P767, respectively.

CHANGES IN FINANCIAL CONDITION

ASSETS

Cash

Cash in bank carries interest at respective bank deposit rate. For the year 2019 and 2018, the total cash and cash equivalents were P215,276 and P287,913, respectively. On July 19, 2012, the Board of Directors approved the opening of a deposit account with Banco De Oro-Meralco Ave. - Branch to facilitate the collection and disbursement processes of the company.

Prepayments and other current assets

The account is composed of advances to officers and employees and other assets amounting to P40,652 and input tax of P2,034,384 with provision for valuation allowance of the same amount for the year December 31, 2019.

Input tax is stated at face value less provision for impairment, if any. Allowance for unrecoverable input tax, if any, is maintained by the Company at a level considered adequate to provide potential uncollectible portion of the claims. The Company, on a continuing basis, makes a review of the status has no outstanding balance for the year ended December 31, 2019 and 2018. The Company has provided full valuation allowance on all its input tax for 2019 and 2018 as it sees no economic use for it in the future.

Advances to related parties (net)

The Company, in the normal course of business, has transactions with related parties. Such transactions are unsecured, non-interest bearing and with no definite terms or repayments period. The Company did not provide nor received any guarantee on its transaction with related parties. All

outstanding balances are to be settled through cash or offsetting arrangement. This account consists of advances to Forum Exploration, Inc. (FEI) and The Wellex Group, Inc. (TWGI). Total amount recorded for the year 2019 and 2018 (net of allowance for impairment loss of ₱221,205,384 and ₱221,205,384) were ₱250,239,312 and ₱252,422,624, respectively. See attached Notes to Financial Statements for a detailed description of the changes in accounting policies and procedures (Note 3).

Advances to TWGI

The account with outstanding balance of ₱299,813,620 and ₱301,996,932, gross of impairment loss, as of December 31, 2019 and 2018 respectively, pertains to outstanding receivable from TWGI, a stockholder of the Company. This account pertains to advances obtained by TWGI from the Company to finance its working capital requirements on previous years.

On December 15, 2015, to settle its outstanding obligations to the Company, TWGI issued a promissory note to the Company maturing on December 15, 2018 amounting to ₱327,540,836 without interest. On December 16, 2018, the promissory note was renewed for another five (5) years maturing on December 16, 2023 with the amount of ₱301,996,932.

In addition, the Company leases an office space from TWGI starting May 2014. The lease is for a period of two years but renewable thereafter upon mutual agreement of both parties. The contract has been renewed thrice since then and is currently valid until April 30, 2022. Total rental and utilities expense charged to operations amounted to ₱222,000 for both years ended December 31, 2019 and 2018, respectively. Payment for rental and utilities are being offset against advances to TWGI outstanding balance.

In April 2012, the Company has entered into a consultancy agreement with TWGI, whereby the latter will provide corporate planning and financial services on its various corporate functions and undertakings. The contract has been renewed four times since then and is currently valid until April 30, 2022. Total management fee charged to operations amounted to ₱480,000 for both years ended December 31, 2019 and 2018, respectively. Likewise, payments for management fee are being offset against advances to TWGI outstanding balance.

Total collections of advances to TWGI amounted to ₱2,183,312 and ₱2,703,984 in 2019 and 2018, respectively.

Advances to FEI

Advances to FEI pertain to the carrying value of exploration net assets transferred by the Company in 2007. Outstanding balance for the years ended December 31, 2019 and 2018 amounted to ₱171,631,076, gross of allowance for impairment loss. The Company recognized an additional impairment loss amounting to nil in 2019 and 2018, as review on the FEI financial status and operations showed an unlikely possibility of collection.

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

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

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

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

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

	2018	2018
Unquoted shares		
Balance at beginning of the year	₱85,711,573	₱85,711,573
Additions	-	-

Balance at end of the year	85,711,573	85,711,573
Impairment loss	(20,000,000)	(20,000,000)
	65,711,573	65,711,573
Quoted shares		
Cost	7,529,480	7,529,480
Net unrealized fair value gain	14,055,038	16,062,900
	21,584,518	23,592,380
	87,296,091	89,303,953

Unquoted shares - Forum exploration, Inc. (FEI)

Investment in unquoted shares of stock represents 33.33% ownership or 62,500,000 shares of the Company in Forum Exploration, Inc. as at December 31, 2018. Previously 100% owned, the Company sold its 66.67% ownership, or 125 million shares to Tracer Petroleum Corporation (TCP), now Forum Energy, Inc. in 2003. Subsequent to sale, the Company did not have any material transaction with FEI, which manifests that it has ceased to have significant influence on the financial and operating policy decisions of FEI. These investments are classified as financial assets at FVOCI as the Company does not participate in the financial and operating policy of the investee which manifests control or significant influence. These investments are stated at cost less impairment loss since there is no quoted price in an active market.

Quoted shares - Philippine Estates Corporation (PHES)

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

Right-Of-Use Asset (net)

Right-of-use asset are the asset that represents lessee's right to use an asset over the lease term. During 2019, the Company recognized a right-of-use asset as a result of adoption of PFRS 16. The carrying amount of right-of-use asset is ₱36,117 and ₱0 as of 2019 and 2018, respectively. Based on the impairment review of the Company's right-of-use asset, the Company believes that there is no indication of impairment on its right-of-use asset as at December 31, 2019 and 2018 (Note 8).

Deferred Tax Asset

Due to the adoption of PFRS 16, the Company has an outstanding balance of Deferred Tax Asset amounting to ₱12,027 and ₱0 as of December 31, 2019 and 2018, respectively (Note 14).

LIABILITIES

Accounts Payable and other liabilities

These accounts consist of Accounts Payable, Withholding Tax Payable and Accrued Expense accounts. Total amounted recorded for 2019 and 2018 were to ₱325,025 and ₱357,181 respectively.

Lease Liability

The Company adopted PFRS 16 in year 2019. The Company recognized the asset as 'right-of-use asset' and corresponding lease liability with present value of ₱40,090 and ₱0 as of December 31, 2019 and 2018, respectively (Note 11).

Advances from Affiliate

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

The Company received cash advances from Forum (FEI) Ltd. to finance its acquisition of 60% stockholdings of Forum Coal Cebu Holdings, Inc. (FCCHI; Company's subsidiary which was formally dissolved last July 6, 2012). The Company received USD denominated cash advances from FEI, Ltd. with no definite terms of payment. Outstanding balance of account as of December 31, 2019 and 2018 were ₱4,198,767 and ₱4,360,051 respectively.

Deferred Tax Liability

Due to the adoption of PFRS 16, the Company has an outstanding balance of Deferred Tax Liability amounting to ₱10,835 and ₱0 as of December 31, 2019 and 2018, respectively (Note 14).

(2) Plan of Operations

Business Plans

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

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

With the Company's experience in the participation in the Department of Energy's (DOE) 4th Philippine Energy Contracting Round (PECR 4) last April 2012, evaluation of which focuses on the Company's financial and technical qualifications, the Company will prioritize the improvement of its financial position and exploring new business opportunities in oil and gas exploration and extraction, order to maintain strong and healthy cash flows, and at the same time, aspiring for maximized potential earnings.

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

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

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

Impact of COVID-19

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed enhanced community quarantine throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020. Enhanced community quarantine was likewise imposed in provinces outside the island of Luzon as imposed by their respective local government unit. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve. On May 16, 2020, the Enhanced Community Quarantine was downgraded to Modified Enhanced Community Quarantine in Metro Manila and to General Community Quarantine in most provinces which was further extended to June 30, 2020.

The Company considers the measure taken by the government as a non-adjusting subsequent event, which does not impact its financial position and performance as of and for the year ended December 31, 2019. However, it could have a material impact on its 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Company cannot determine at this time the impact to its financial position, performance and cash flows. The Company will continue to monitor the situation.

(i) Summary of Material Trends, Events and Uncertainties **Forum Pacific, Incorporated**

The shares of FPI are listed and traded in Philippine Stock Exchange (PSE). The company was registered to engage in investing, purchasing and acquiring assets of any kind and description with the

secondary purpose of engaging in the exploration, development and production of petroleum and related products, as well as other mineral and chemical substances. It is presently a holding company and owning shares of stocks of an exploration company.

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

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

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

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

(iv) Any Known Trends, Events of Uncertainties (Material Impact on Liquidity)

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

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

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

December 31, 2019	Total	On demand	Less than three months	3-12 months	1-5 years
Advances from related parties	₱4,198,767	₱-	₱-	₱-	₱4,197,767
Trade and other payables*	317,400	-	-	317,400	-
	₱4,516,167	₱-	₱-	₱317,400	₱4,197,767

December 31, 2018	Total	On demand	Less than three months	3-12 months	1-5 years
Advances from related parties	₱4,360,051	₱-	₱-	₱-	₱4,360,051
Trade and other payables*	349,556	-	-	349,556	-
	₱4,709,607	₱-	₱-	₱349,556	₱4,360,051

*Excluding government liabilities

The Company's current ratio for year ended December 31, 2019 and 2018 is 0.70 to 1 and 0.93 to 1, respectively.

(v) Significant Element of Income or Loss That Did Not Arise from Continuing Operation

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

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

On initial application, the Company has elected to record right-of-use asset based on the corresponding lease liability. The Company elected to use the transition practical expedient to not reassess whether the contract is, or contains a lease as at January 1, 2019. Instead, the Company applied the standard only to contract previously identified as lease applying PAS 17 and Philippine Interpretation IFRIC 4 at the date of initial application. Right-of-use asset and lease obligation of ₱216,701 (with accumulated amortization

of ₱72,234) and ₱152,413 respectively were recorded as at January 1, 2019, with ₱7,946 effect in deficit. When measuring lease liability, the Company discounted lease payments using its incremental borrowing rate as at January 1, 2019. The weighted average rate applied is 24.72%.

Reconciliations of operating lease commitment under PAS 17 as at December 31, 2018 and lease liability as at January 1, 2019 under PFRS 16 is as follows:

Operating lease commitment as at December 31, 2018 under PAS 17	₱ 200,000
Less: Commitments relating to short-term lease and low value-leases	-
Operating lease commitment as at December 31, 2018 scoped-in under PFRS 16	200,000
Less: Amount of discount using single incremental borrowing rate as at January 1, 2019	47,587
Lease Liability as at January 1, 2019	₱ 152,413

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

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

(vi) Material Changes on Line Items in Financial Statements

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

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

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

Item 7. Financial Statements

The Financial Statements and related Notes to Financial Statements of the Company are incorporated herein by reference and attached as an integral part of this Annual Report.

Other Relevant Information

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

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

See attached Notes to Consolidated Financial Statements for a detailed description of the changes in accounting policies and procedures.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure **External Audit Fees and Services**

Audit and related fees excluding VAT and Out of Pocket Expenses for Forum Pacific, Inc. are ₱420,000 in 2019 and ₱420,000 in 2018 for expressing an opinion on the financial statements and assistance in preparing the annual income tax return. Any deficiencies in internal control and detected misstatements and fraudulent or illegal acts are other information given to the attention of the management.

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

Audit committee's approval policies and procedures for the above services - the committee will evaluate the proposals from known external audit firms. The review will focus on quality of service, commitment to deadline and fees as a whole, and no one factor should necessarily be determinable.

Changes and Disagreements with Accountants on Accounting and Financial Disclosure

No independent accountant who was previously engaged as the principal accountant to audit Forum Pacific Inc. Financial Statements, on whom the principal accountant expressed reliance in its report regarding a significant subsidiary, has resigned (or indicated it has declined to stand for re-election after the completion of the current audit) or was dismissed in the two most recent fiscal years or any subsequent interim period. Furthermore, there was no disagreement with the former accountant on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Directors, including Independent Directors and Executive Officers

There are eleven (11) members of the board, three (3) of whom are independent directors. Names, ages, citizenship and position and office of all directors and executive officers:

Name	Age	Citizenship	Position
Peter S. Salud	65	Filipino	Chairman of the Board
Elvira A. Ting	59	Filipino	President/Director
Kenneth T. Gatchalian	44	Filipino	Treasurer/Director
Atty. Arthur R. Ponsaran	77	Filipino	Director
Atty. Lamberto B. Mercado, Jr.	55	Filipino	Director
Atty. Joaquin P. Obieta	86	Filipino	Director
Omar M. Guinomla	48	Filipino	Director
Richard L. Ricardo	56	Filipino	Director
Byoung Hyun Suh	63	Korean	Independent Director
Sergio R. Ortiz-Luis, Jr.	77	Filipino	Independent Director
Atty. Ruben D. Torres	78	Filipino	Independent Director
Atty. Arsenio A. Alfiler Jr.	74	Filipino	Corporate Secretary

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. Thus, the term of the office of each director is one year, until the Board of Directors at its first meeting following the Meeting of the Stockholders has elected their successors annually.

Their respective terms of office are until the corresponding meeting of the Board of Directors in the next year or until the successor shall have been elected or shall have qualified.

Business experiences during the past five (5) years and other directorships.

Name	Company	Position
Peter S. Salud Chairman/Director Filipino 65 years old	Wellex Industries, Inc. Wellex Petroleum Inc. Sands Mining & Development Corp. Manila Sands Hotel and Casino Inc. Philippine International Airways Southernpec Philippines Inc. Vista Buena Mining Corporation Country Garden Agri-Tourism Dev't Inc.	Chairman/Director President/Director Chairman/President/Director President/Director President/Director Chairman/President/Director Chairman/Director President/Director
Elvira A. Ting President/ Director Filipino 59 years old BS in Business Administration Major in Management <i>Philippine School of Business Administration</i>	Wellex Industries, Inc. Metro Alliace Holdings & Equities Corp Philippine Estates Corporation Waterfront Philippines, Inc. Acesite (Hotels) Phils., Inc. Orient Pacific Corporation Crisanta Realty Devt. Corp. Recovery Development Corp. The Wellex Group, Inc. Plastic City Industrial Corp. Waterfront Manila Premier Devt., Inc. Rexlon Realty Group, Inc. Pacific Rehouse Corporation Westland Pacific Properties Corporation Heritage Pacific Corporation Palawan Estate Corporation Poly Premier Property Devt. Corp.	Vice President/Director Chairman/Director President/CEO/Director Corp. Treasurer/Director Corp. Sec./Director Chairman/Director Chairman/President/Director Corp. Treasurer/Director Corp. Treasurer/Director Director Corp. Secretary/Director Chairman/President/Director Corp. Treasurer/Director Asst. Corp. Sec./Director Chairman/President/Director Asst. Corp. Sec./Director Corp. Treasurer/Director

Name	Company	Position
	Wanda Prime Property Dev't Inc. Bocau Prime Estate Corporation Bulacan Fortune Land Dev't Corp. Taguig Lake City Development Corp. Country Garden Agri-Tourism Devt. Inc. Alliance Energy Power & Devt. Corp.	President/ Director President/ Director Chairman/President/Director President/ Director Corp. Treasurer/Director Corp. Secretary/Director
Kenneth T. Gatchalian Corp. Treasurer/ Director Filipino 44 years old BS in Architecture <i>University of Texas, USA</i>	The Wellex Group, Inc. Wellex Industries, Inc. Metro Alliace Holdings & Equities Corp Waterfront Philippines, Inc. Waterfront Manila Premier Devt., Inc. Acesite (Hotels) Phils., Inc. Philippine Estates Corporation Orient Pacific Corporation Wellex Mining Corporation Westland Pacific Properties Corporation Wellex Petroleum, Inc. Recovery Development Corp. Novateknika Land Corp. Pacific Rehouse Corporation Crisanta Realty Development Corp. Palawan Estate Corp. Philippine International Airways Philfoods Asia, Inc. Sourthernpec Philippines Inc. Manila Bay Front Hotels, Inc. Poly Premier Property Devt. Corp. Wanda Prime Property Dev't Inc. North Luzon Premier Development Corp. Bulacan Harbour Development Corp. Bulacan Country Garden Devt. Corp.	President/Director President/Director President/Director President/Director President/Director Vice Chairman/Director President/Director Chairman/President/Director Corp. Treasurer/Director Corp. Secretary/Director Chairman/President/Director Corp. Secretary/Director Chairman/President/Director Corp. Secretary/Director Corp. Secretary/Director Corp. Secretary/Director Chairman/President/Director Corp. Treasurer/Director Chairman/Director President/Director Chairman/Director Chairman/Director Asst. Corp. Sec./Director Chairman/President/Director
Atty. Arthur R. Ponsaran Director Filipino 77 years old CPA Lawyer BA Major in Accounting <i>University of the East</i> Bachelor of Laws <i>University of the Philippines</i>	Philippine Estate Corporation Corporate Counsels, Phils. Law Office Acesite (Hotels) Phils., Inc. Waterfront Philippines, Inc.	Director Managing Partner Director Corporate Secretary
Atty. Lamberto B. Mercado, Jr. Director Filipino 55 years old Bachelor of Laws (L.L.B.) <i>Ateneo de Manila University</i> School of Law	Metro Alliance Holdings & Equities Corp. CPDSI, AHI and FEZ Wellex Industries, Inc. Waterfront Philippines, Inc. Philippine National Construction Corp Rexlon Realty Group, Inc. Wellex Mining Corporation Acesite (Hotels) Phils., Inc. Southernpec Philippines Inc. Dubai Gold Mining Corporation Sands Mining & Development Corp. Bulacan Harbour Development Corp. Wanda Prime Property Dev't, Inc. Bulacan Country Garden Devt. Corp.	Director/Compliance Officer Director Director Director Director Assist. Cop. Sec./Director Corp. Secretary/Director Chief Risk Officer Corp. Secretary/Director Corp. Secretary/Director Director Corp. Secretary/Director Director Director
Atty. Joaquin P. Obieta Director	Philippine Estates Corporation	Director

Name	Company	Position
<p>Filipino 86 years old Bachelor of Laws Ateneo de Manila University BS in Chemical Engineering <i>De La Salle University</i> Bachelor of Sacred Theology <i>University of Sto. Tomas</i></p>	<p>Corporate Counsels, Phils Law Office Ateneo de Manila University</p>	<p>Managing Partner Law Professor</p>
<p>Omar M. Guinomla Director Filipino 48 years old A.B. Management <i>De La Salle University</i> Masters in Business Admin <i>Ateneo Graduate School of Business</i> PhD in Business Management <i>Philippine Christian University</i></p>	<p>Wellex Industries, Inc. Recovery Real Estate Corp. Pacific Rehouse Corp. Orient Pacific Corp. Recovery Development Corp. Philippine International Airways Continental Wire & Cable Corporation Shanghai Resources Corporation Calinan Star Mining, Inc. Dubai Gold Mining Corp. Sands Mining & Development Corp. Manila Bay Front Hotels, Inc. Bulacan Fortune Land Dev't Corp. Triton Construction & Dev't Corp.</p>	<p>Director Director Director Assist. Corp. Sec./Director Assist. Corp. Sec./Director Corp. Treasurer/Director Director Chairman/President/Director Director Director Corp. Secretary/Director Corp. Secretary/Director Corp. Secretary/Director Corp. Secretary/Director</p>
<p>Richard L. Ricardo Investor Relations Officer/ Director Filipino 56 years old BS in Management Economics <i>Ateneo de Manila University</i></p>	<p>Wellex Industries, Inc. Waterfront Philippines, Inc. Acesite (Phils.) Hotel Corporation Philippine Estates Corporation The Wellex Group, Inc. Metro Alliace Holdings & Equities Corp Rexlon Realty Group, Inc. Westland Pacific Properties Corp. Wellex Petroleum, Inc. Wellex Mining Corporation Bocau Prime Estate Corporation Taguig Lake City Development Corp Bulacan Country Garden Dev't. Corp. Alliance Energy Power & Dev't. Inc.</p>	<p>Corp. Treasurer/Investor Relations Officer/Director Corporate Affairs Officer/Compliance Officer Vice President for Corporate Affairs/Compliance Officer Corp. Treasurer/Investor Relations Officer/Director Corporate Secretary/Director Investor Relations Officer Vice President/Director Corporate Secretary/Director Corp. Treasurer/Director Assist. Corp. Sec./Director Corporate Secretary/Director Corporate Secretary/Director Corporate Secretary/Director President/Director</p>
<p>Byoung Hyun Suh Independent Director Korean 63 years old BS in Business Administration <i>Korea University, Seoul Korea</i></p>	<p>Wellex Industries Inc. Philippines Estates Corporation Metro Alliance Holdings & Equities Corp. Pan Islands, Inc. Overseas Korean Traders Associations Bonamis Pharmacy Phil's. Corp.</p>	<p>Independent Director Independent Director Independent Director President President President</p>
<p>Sergio R. Ortiz-Luis, Jr. Independent Director Filipino 77 years old BS in Liberal Arts BS in Business Administration Masters in BA (Candidate) <i>De La Salle University</i> PhD Humanities hc</p>	<p>Wellex Industries Inc. Philippine Estates Corporation Waterfront Philippines, Inc. Acesite (Phils) Hotel Corp. BA Securities VC Securities Corporation Waterfront Manila Premier Devt., Inc.</p>	<p>Independent Director Independent Director Independent Director Independent Director Independent Director Vice-Chairman/Independent Director Chairman/Director</p>

Name	Company	Position
<p><i>Central Luzon Agricultural College</i> PhD in Business Technology hc PhD Capital Management hc Academy of Multiskills, UK PhD Business Administration hc <i>Angeles University Foundation</i></p>	<p>Country Garden Agri-Tourism Devt. Inc. Philippine International Airways Phil. Chamber of Commerce & Industry Integrated Concepts & Solutions Inc. National Center for Mediation Rotary Club of Greenmeadows Foundation Export Development Council Alliance Global, Inc. JARDELI Club Foundation Philippine Exporters Confederation Inc. Employers Confederation of the Phils. Philippines Foundation, Inc. Asia Pacific Chinese Media, Inc. GS1 & Int'l Chamber of Commerce Phils Philippine Foundation, Inc. (Team Phils.) Manila Exposition Complex, Inc. La Salle Tech Academy Alliance Energy Power and Dev't. Inc. Rural Bank of Baguio H2O (Formerly Calapan Ventures, Inc) LikeCash Asia & Pacific Corp SPC Power Corporation Drug Abuse Resistance Education Phils Human Resource Devt Foundation Consulate of Romania in the Philippines Consular Corps of the Philippines Int'l Assoc. of Educators for World Peace The Philippine Bamboo Council Patrol 117 (Foundation for Crime Prevention) Industry Development Council National Competitiveness Council Philippine Jaycee Senate Philippine Coastguard Auxiliary</p>	<p>Chairman/Director Chairman/Director Chairman/Treasurer Chairman Chairman Chairman Vice Chairman Vice Chairman Vice Chairman Vice Chairman President/CEO President President President President Founding Director Trustee/Treasurer Consul General Treasurer Honorary Adviser Private Sector Representative Commissioner Member BPLS Champion Senate Captain</p>
<p>Atty. Ruben D. Torres Independent Director Filipino 78 years old Bachelor of Arts in Political Science Bachelor of Laws University of the Philippines</p>	<p>Wellex Industries Inc. BPO Workers Association of the Phils. Services Exporters Risk Management & Consultancy Co Trade Union Congress of the Philippines Torres Caparas Torres Law Offices Waterfront Philippines Inc. Acesite Philippines Hotel Corp. Waterfront Manila Premier Devt., Inc. Alliance Energy Power and Devt. Inc. Triton Construction and Devt. Corp.</p>	<p>Independent Director President Chairman/CEO VP-International Affairs Senior Partner Independent Director Independent Director Director Chairman/Director Chairman/Director</p>
<p>Atty. Arsenio A. Alfiler, Jr. Corporate Secretary Filipino 74 years old Bachelor of Laws <i>University of the Philippines</i> B.A. in Public Administration <i>University of the Philippines</i></p>	<p>Acesite (Phils.) Hotel Corp. Waterfront Philippines, Inc. Iloilo City Development Bank</p>	<p>Corporate Secretary Assistant Corporate Secretary Assistant Corporate Secretary</p>

Significant Employees

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

Family Relationships

Ms. Elvira A. Ting, the President, is the aunt of Mr. Kenneth T. Gatchalian, the Treasurer. There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, persons nominated or chosen by the corporation to become directors, or executive officers other than the above.

Involvement in Certain Legal Proceedings

A case of illegal dismissal and claims for unpaid salaries, back wages, separation pay and damages was filed by an employee (logistic coordinator), on February 1996. The respondents on the said case are James Dale Hood, Air Philippines International (Formerly), Cophil Exploration & Drilling Co., Air Philippines International, Inc. and Forum Exploration, Inc.

The management has its lawyer take care of the settlement and will plan to meet with the Sheriff or labor officer in-charge with the case. As of December 31, 2019, the claimant didn't make any demands or appeared before the Company's principal office address to enforce the said writ of execution.

Item 10. Executive Compensation

Summary of Compensation Table - Annual Compensation

The following table lists the name of the Corporation's Directors and Executive Officers Annual Compensation for the three most recent years.

Name & Position	Year	Salary (in Php)	Other Variable Pay (in Php)
Peter S. Salud Chairman/Director	2019	-	-
	2018	-	100,000
	2017	-	100,000
Elvira A. Ting President/CEO/Director	2019	-	-
	2018	-	50,000
	2017	-	50,000
Kenneth T. Gatchalian Treasurer/Director	2019	-	-
	2018	-	50,000
	2017	-	50,000
All other officers & directors as a Group unnamed	2019	-	20,000
	2018	-	340,000
	2017	-	340,000

Compensation of Directors

Except for a nominal amount of per diem amounting to ₱10,000 during attendance in special meetings, there are no standard arrangements with regard to election, any bonus, profit sharing, pension/retirement plan, granting of any option, warrant or right to purchase any securities. There are no other arrangements or consulting contracts or other form of services with directors.

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

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

Warrants and Options Outstanding: Repricing

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

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2019 Forum Pacific, Inc., knows no one who beneficially owns in excess of 10% of Forum Pacific, Inc. common stock except as set forth in the table below:

Title of Class	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of total o/s shares
Common	International Polymer Corporation, T. Santiago St., Canumay, Valenzuela City (Stockholder)	same as record owner (see note 1)	Filipino	496,887,494	26.501
Common	PCD Nominee Corporation, 37/F Tower 1, The Enterprise Center, 6766 Ayala Ave. Cor. Paseo De Roxas, Makati City (Stockholder)	PCD Participants and their clients (see note 2)	Filipino	416,720,474	22.225
Common	The Wellex Group Inc., 35th Flr., One Corporate Center, Doña Julia Vargas ave., cor. Meralco ave., Ortigas Center, Pasig City (Stockholder)	same as record owner (see note 3)	Filipino	376,950,000	20.104

¹International Polymer Corporation ("IPC") is a significant shareholder of the Company. As per By-laws and the Corporation Code, the Board of Directors of IPC has the power to decide how the IPC shares in Forum Pacific Inc. are to be voted.

²The clients of each company have the power to decide how their shares are to be voted. Natural persons authorized to vote the shares of PCD Nominee cannot be identified until the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney-in-fact.

³The Wellex Group, Inc. ("TWGI") is a significant shareholder of the Company. As per By-laws and the Corporation Code, the Board of Directors of TWGI has the power to decide how the TWGI shares in Forum Pacific Inc. are to be voted.

Security Ownership of Management

As of December 31, 2019 the security ownership of individual directors, executive officers and nominees of Forum Pacific Inc. is as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Elvira A. Ting	400,001 (direct)	Filipino	0.021
Common	Peter S. Salud	29,990 (direct)	Filipino	0.002
Common	Kenneth T. Gatchalian	100 (direct)	Filipino	0.000
Common	Arthur R. Ponsaran	1 (direct)	Filipino	0.000
Common	Lamberto B. Mercado, Jr.	100 (direct)	Filipino	0.000
Common	Joaquin P. Obieta	1 (direct)	Filipino	0.000
Common	Omar M. Guinomla	100 (direct)	Filipino	0.000
Common	Richard L. Ricardo	100 (direct)	Filipino	0.000
Common	Byoung Hyun Suh	1,000 (direct)	Korean	0.000
Common	Sergio R. Ortiz-Luis, Jr.	100 (direct)	Filipino	0.000
Common	Ruben D. Torres	100 (direct)	Filipino	0.000
	Atty. Arsenio A. Alfiler, Jr.	-	Filipino	0.000
All directors and Officers as a group		431,593		0.023

Voting Trust Holders of 5% or More

There are no voting trust holders of 5% or more.

Changes in Control

There is no change in control of Forum Pacific Inc. and there is no arrangement, which may result in change control.

Item 12. Certain Relationships and Related Transactions

The Company, in the normal course of business, has transactions with related parties. Such transactions are unsecured, non-interest bearing and with no definite terms of repayment period.

The Company's advances to Forum Exploration, Inc. (FEI) pertain to the carrying value of exploration assets transferred by the Company in prior years amounting to ₱171.6 million gross of allowance for

impairment loss of ₱171.6 million as of December 31, 2019 and 2018. No transaction in the account balance was recognized for the years ended December 31, 2019 and 2018.

The Company's advances to The Wellex Group, Inc. (TWGI) consist of advances granted to finance their working capital requirements with outstanding balance of ₱299,813,620 and ₱301,996,932 as of December 31, 2019 and 2018, respectively. On December 15, 2012, to settle its outstanding obligations to the Company, TWGI issued a one-year promissory note to the Company. In addition, the Company subleases an office space from TWGI starting April 2012. The lease is for a period of two (2) years but renewable thereafter upon mutual agreement of both parties. Also in April 2012, the Company has entered into a consultancy agreement with TWGI, whereby the latter will provide corporate planning and financial services on its various corporate functions and undertakings. Payments for the lease and management fees are being offset against intercompany receivables. Both contracts for rental and consultancy have been renewed thrice since then and is currently valid until April 30, 2022.

The Company's advances from Forum Exploration, Inc. Ltd. (FEI-Ltd.) pertains to received cash advances to finance the Company's acquisition of 60% stockholdings of Forum Coal Cebu Holdings, Inc. (FCCHI) in prior years amounting to USD82,922. The amount was restated to peso value, the Company's functional currency, as at balance sheet date. Restated balance amounted to ₱4.21 million and ₱4.36 million as of December 31, 2019 and 2018, respectively. The Company recognized a foreign exchange loss of ₱161,284 in 2019.

Part IV – CORPORATE GOVERNANCE

Please refer to separate “Annual Corporate Governance Report (ACGR)” to be submitted to SEC on its extended deadline on July 2020 due to COVID-19 pandemic.

Part V - EXHIBITS AND SCHEDULES

Item 13 Exhibits and Reports on SEC Form 17- C

Exhibits

Financial Statements

- Statement of Management's Responsibility for Financial Statements
- Report of Independent Public Accountants
- Statements of Financial Position as at December 31, 2019 and 2018
- Statements of Comprehensive Income for each of the three years ended December 31, 2019, 2018, and 2017
- Statements of Changes in Equity for each of the three years ended December 31, 2019, 2018, and 2017
- Statements of Cash Flows for each of the three years ended December 31, 2019, 2018, and 2017
- Notes to Financial Statements

Supplementary Schedules

Report of Independent Public Accountants on Supplementary Schedules:

- Financial Soundness
- Financial Asset at Fair Value through Other Comprehensive Income (FVOCI)
- Amounts Receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
- Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
- Long-term Debt
- Indebtedness of Related Parties
- Guarantees of Securities of Other Issuers
- Capital Stock
- Reconciliation of Retained Earnings Available for Dividend Declaration

Reports on SEC Form 17-C

January 14, 2019

The Corporation submitted its Public Ownership Report as disclosed also in the Philippine Stock Exchange for the period ended December 31, 2018.

January 15, 2019

The Corporation submitted its List of Top 100 Stockholders as disclosed also in the Philippine Stock Exchange for the period ended December 31, 2018.

April 15, 2019

The Corporation submitted its List of Top 100 Stockholders and Public Ownership Report as disclosed also in the Philippine Stock Exchange for the period ended March 31, 2019.

May 30, 2019

The Corporation submitted its Integrated Annual Corporate Governance Report for the Year Ended December 31, 2018 which is also disclosed in the Philippine Stock Exchange.

July 12, 2019

The Corporation submitted its List of Top 100 Stockholders and Public Ownership Report as disclosed

also in the Philippine Stock Exchange for the period ended June 30, 2019.

August 16, 2019

The Corporation submitted copies of certificates of directors and key officers on the attended Good Corporate Governance Seminar held last August 8, 2019 at The Metropolitan Club, Inc. Estrella cor Amapola St, Viejo Guadalupe, Makati City conducted by the Risks, Opportunities, Assessment and Management (ROAM), Inc. a Corporate Governance training provider accredited by the SEC.

August 28, 2019

The Corporation submitted its Notice of Annual Stockholders' Meeting on October 8, 2019 to stockholders of record as of September 16, 2019 as approved by the Board of Directors on its meeting with the following agenda:

1. Call to order
2. Certification of Notice and determination of Quorum
3. Approval of Minutes of the Previous Stockholders' Meeting
4. Report to the Stockholders for the Year 2018
5. Ratification of acts of the Board and Management
6. Election of Directors
7. Election of External Auditors
8. Election of External Counsel
9. Other matters
10. Adjournment

October 8, 2019

The Corporation submitted the result of the Annual Stockholders' Meeting and the Organizational Meeting of the Board of Directors held last October 8, 2019 at One Café and Events Place, 6th Floor One Corporate Centre, Doña Julia Vargas cor. Meralco Aves., Ortigas Center, Pasig City.

October 10, 2019

The Corporation submitted its List of Top 100 Stockholders and Public Ownership Report as disclosed also in the Philippine Stock Exchange for the period ended September 30, 2019.

October 28, 2019

The Corporation submitted the required Material Related Party Transaction Policy to SEC and disclosed the said report to Philippine Stock Exchange, Inc.

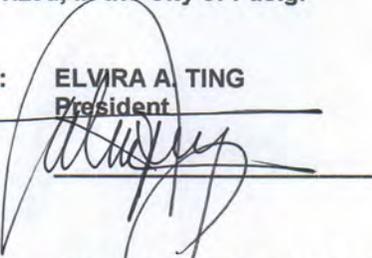
January 15, 2020

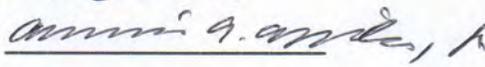
The Corporation submitted its List of Top 100 Stockholders and Public Ownership Report as disclosed also in the Philippine Stock Exchange for the period ended December 31, 2019.

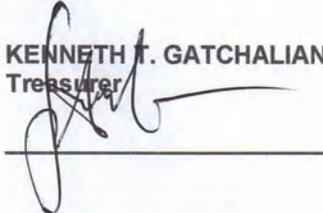
SIGNATURE

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

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

Registrant: ELVIRA A. TING
Title: ~~President~~
Signature: 

Registrant: ATTY. ARSENIO A. ALFILER, JR.
Title: Corporate Secretary
Signature: 

Registrant: KENNETH T. GATCHALIAN
Title: ~~Treasurer~~
Signature: 

Dated _____

JUN 29 2020

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

- | AFFIANTS | |
|----------------------------------|-----------------|
| 1. Elvira A. Ting | 117-922-153-000 |
| 2. Atty. Arsenio A. Alfiler, Jr. | 108-160-743-000 |
| 3. Kenneth T. Gatchalian | 167-406-526-000 |

- | Tax Identification No. | |
|----------------------------------|-----------------|
| 1. Elvira A. Ting | 117-922-153-000 |
| 2. Atty. Arsenio A. Alfiler, Jr. | 108-160-743-000 |
| 3. Kenneth T. Gatchalian | 167-406-526-000 |

Doc. No.: 72
Page No.: 16
Book No.: CONDAY
Series of: 25


EDW. G. CONDAY
NOTARY PUBLIC
PASIG PATEROS & SAN JUAN
UNTIL DEC. 31, 2020
PTR NO. 8428314112220
ISP NO. 05-152174PBT17003842019-20
ROLL NO. 3682
TIN NO. 290-886-31-0000
MCEE V-0004433
2ND FLOOR ARMAE BRDG BUNAN
VELASCO AVE. MALINAO, PASIG CITY



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of FORUM PACIFIC, INC. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

[Signature of Peter S. Salud]
PETER S. SALUD
Chairman of the Board

[Signature of Elvira A. Ting]
ELVIRA A. TING
President

[Signature of Kenneth T. Gatchalian]
KENNETH T. GATCHALIAN
Corporate Treasurer

SUBSCRIBED AND SWORN to before me in QUEZON CITY City/Province, Philippines on JUN 18 2020
affiants personally appeared before me and exhibited to me their Tax Identification Number below:

Table with 2 columns: Name, Tax Identification Number. Rows for Peter S. Salud, Elvira A. Ting, and Kenneth T. Gatchalian.

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

DOC NO: 793
PAGE NO: 79
BOOK NO: 42
SERIES OF 2020

[Signature of Atty. Concepcion P. Villareña]
ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2021
PTR No. 9296041 - 1-2-2020/ QC
IBP No. 093586 - 10-22-2019/ QC
Roll No. 30457 - 05-09-80
MCLE VI - 0030379
Adm. Matter No. NP-001(2020-2021)
TIN No. 131-942-754

Forum Pacific, Inc.

Financial Statements
December 31, 2019 and 2018

and

Independent Auditors' Report

Independent Auditors' Report

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

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of **Forum Pacific, Inc.** (the 'Company'), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for each of the three years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has been incurring losses in current and prior years and has accumulated a deficit of about ₱852 million and ₱850 million as at December 31, 2019 and 2018, respectively. As stated in Note 1, these events or conditions, along with other matters, indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. To continue as a going concern, the officers and major stockholders of the Company have committed to provide full financial support to the Company to sustain its operations, meet the working capital requirements and settle obligations as they fall due.



Global Reach, Global Quality

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

The Company will also further outline and welcome business projects aside from oil, gas and mineral exploration. It will continue the research for areas and land mine with potential mineral deposits using affiliated Group's geologists and engineers and will consider investing into potential renewable energy sources like solar power, biofuels, hydro, wind and geothermal energy.

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

Key Audit Matters

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

First time Adoption of PFRS 16, Leases

Effective January 1, 2019, the Company adopted the new lease standard, PFRS 16, Leases, under the modified retrospective approach which resulted to changes in the Company's lease recognition policies, processes, procedures and controls. The Company's adoption of PFRS 16 is significant to our audit because its rent expense is one of the Company's major expenses. In addition, the implementation of PFRS 16 involves application of significant management judgement and estimation in the following areas: (1) whether the contract contains a lease; (2) determining the lease term, including evaluating whether the Company is reasonably certain to exercise options to extend or terminate the lease; (3) determining the incremental borrowing rates; and (4) selection and application of accounting policy elections and practical expedients available under modified retrospective approach. This resulted in the recognition of right-of-use asset and lease liability amounting to ₱216,701 (with accumulated amortization of ₱72,234) and ₱152,413, respectively, as of January 1, 2019, and recognition of depreciation expense and finance costs of ₱108,350 and ₱37,677, respectively, for the year ended December 31, 2019. The disclosures related to the adoption of PFRS 16 are included in Notes 8 and 11 to the financial statements

Our Response

Our audit procedures to address the assessment in adoption of the PFRS 16 included the following:

- Obtained an understanding of the Company's process in implementing the new standard on leases, including the determination of the population of the lease contracts covered under PFRS 16, the selection of the transition approach and any election of available practical expedients
- Inspected lease agreement (i.e., lease agreement existing prior to the adoption of PFRS 16 and new lease agreement), identified its contractual terms and conditions, and traced these contractual terms and conditions to the lease calculation prepared by management, which covers the calculation of financial impact of PFRS 16, including the transition adjustments.
- Reviewed the management's assessment of whether it is reasonably certain that the Company will exercise the option to renew or not exercise the option to terminate.
- Tested the parameters used in the determination of the incremental borrowing rate by reference to market data.
- Test computed the lease calculation prepared by management on a sample basis, including the transition adjustments, if any.



- Reviewed the disclosures related to the transition adjustments based on the requirements of PFRS 16 and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

Going Concern

As disclosed in Note 2, the Company incurred losses amounting to ₱2,061,580, ₱2,628,544, and ₱22,771,727 in 2019, 2018, and 2017, respectively. The Company had accumulated deficit of ₱852,277,151, and ₱850,207,625 as at December 31, 2019 and 2018, respectively.

Our Response

Our audit procedures to address going concern issue, which was considered to be a significant risk, included:

- Reviewed business plans and discussed it with the Board of Directors to assess its viability.
- Read minutes of meetings of stockholders, board of directors, and important committees of the board.
- Sought entity's legal counsel confirmation about any litigations, claims and assessments.
- Confirmed with related parties of the details of arrangements to provide or maintain financial support.
- Reviewed any subsequent events relevant to the Company's operations.

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, 2019, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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



Auditors' Responsibilities for the Audits of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



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

Report on Supplementary Information required by the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of **Forum Pacific, Inc.** taken as a whole. The supplementary information in Note 20 to the financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DIAZ MURILLO DALUPAN AND COMPANY

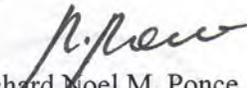
Tax Identification No. 003-294-822

BOA/PRC No. 0234, effective until August 11, 2020

SEC Accreditation No. 0192-FR-3, Group A, effective until April 2, 2022

BIR Accreditation No. 08-001911-000-2019, effective until March 27, 2022

By:


Richard Noel M. Ponce
Partner

CPA Certificate No. 120457

SEC Accreditation No. 1738-A, Group A, effective until January 30, 2022

Tax Identification No. 257-600-228

PTR No. 8147698, January 18, 2020, Makati City

BIR Accreditation No. 08-001911-012-2019, effective until September 29, 2022

June 5, 2020



FORUM PACIFIC, INC.
Statements of Financial Position

	As at December 31	
	2019	2018
ASSETS		
Current Assets		
Cash - note 5	₱ 215,276	₱ 287,913
Prepayments and other current assets (net) - note 6	40,652	44,889
	255,928	332,802
Noncurrent Assets		
Advances to related parties (net) - note 11	250,239,312	252,422,623
Financial assets at FVOCI - note 7	87,296,091	89,303,953
Right-of-use asset (net) - note 8	36,117	-
Deferred tax assets (net) - note 14	12,027	-
	337,583,547	341,726,576
TOTAL ASSETS	₱ 337,839,475	₱ 342,059,378
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities - note 9	₱ 325,025	₱ 357,181
Lease liability - note 11	40,090	-
	365,115	357,181
Noncurrent Liabilities		
Advances from a related party - note 11	4,198,767	4,360,051
Deferred tax liability - note 14	10,835	-
	4,209,602	4,360,051
	4,574,717	4,717,232
Equity		
Capital stock - note 10	1,207,543,621	1,207,543,621
Unrealized fair value gain on financial assets at FVOCI	14,055,038	16,062,900
Deficit - note 2	(852,277,151)	(850,207,625)
	369,321,508	373,398,896
Treasury shares - note 10	(36,056,750)	(36,056,750)
	333,264,758	337,342,146
TOTAL LIABILITIES AND EQUITY	₱ 337,839,475	₱ 342,059,378

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



FORUM PACIFIC, INC.
Statements of Comprehensive Income

	For the Years Ended December 31		
	2019	2018	2017
COSTS AND EXPENSES - note 12	(P 1,994,414)	(P 2,173,246)	(P 2,596,954)
OTHER EXPENSES (net) - note 13	(68,358)	(455,298)	(20,174,773)
LOSS BEFORE INCOME TAX	(2,062,772)	(2,628,544)	(22,771,727)
PROVISION FOR INCOME TAX - note 14			
Current	-	-	-
Deferred	1,192	-	-
	1,192	-	-
NET LOSS FOR THE YEAR	(2,061,580)	(2,628,544)	(22,771,727)
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not reclassified subsequently to profit or loss:			
Unrealized fair value gain (loss) on financial assets at FVOCI - note 7	(2,007,862)	5,772,603	3,764,742
TOTAL COMPREHENSIVE INCOME (LOSS)	(P 4,069,442)	P 3,144,059	(P 19,006,985)
LOSS PER SHARE - note 15	(P 0.002)	(P 0.002)	(P 0.019)

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



FORUM PACIFIC, INC.
Statements of Changes in Equity

	Capital Stock (Note 10)	Treasury Shares (Note 10)	Deficit (Note 2)	Unrealized Fair Value Gain (Loss) on AFS Financial Assets (Note 7)	Total
Balance as at January 1, 2017	₱ 1,207,543,621	(₱ 36,056,750)	(₱ 825,855,680)	₱ 6,525,555	₱ 352,156,746
Comprehensive income (loss)					
Net loss for the year	–	–	(22,771,727)	–	(22,771,727)
Other comprehensive income	–	–	–	3,764,742	3,764,742
Total comprehensive income (loss) for the year	–	–	(22,771,727)	3,764,742	(19,006,985)
Balance as at December 31, 2017, as previously stated	1,207,543,621	(36,056,750)	(848,627,407)	10,290,297	333,149,761
Effect on adoption of PFRS 9	–	–	1,048,326	–	1,048,326
As at January 1, 2018, as restated	1,207,543,621	(36,056,750)	(847,579,081)	10,290,297	334,198,087
Comprehensive income (loss)					
Net loss for the year	–	–	(2,628,544)	–	(2,628,544)
Other comprehensive income	–	–	–	5,772,603	5,772,603
Total comprehensive income (loss) for the year	–	–	(2,628,544)	5,772,603	3,144,059
Balance as at December 31, 2018, as previously stated	1,207,543,621	(36,056,750)	(850,207,625)	16,062,900	337,342,146
Effect on adoption of PFRS 16 - note 3	–	–	(7,946)	–	(7,946)
As at January 1, 2019, as restated	1,207,543,621	(36,056,750)	(850,215,571)	16,062,900	337,334,200
Comprehensive loss					
Net loss for the year	–	–	(2,061,580)	–	(2,061,580)
Other comprehensive loss	–	–	–	(2,007,862)	(2,007,862)
Total comprehensive loss for the year	–	–	(2,061,580)	(2,007,862)	(4,069,442)
Balance as at December 31, 2019	₱ 1,207,543,621	(₱ 36,056,750)	(₱ 852,277,151)	₱ 14,055,038	₱ 333,264,758

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

FORUM PACIFIC, INC.
Statements of Cash Flows

For the Years Ended December 31

	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	(₱ 2,062,772)	(₱ 2,628,544)	(₱ 22,771,727)
Adjustments for income tax:			
Provision for impairment of input tax - note 6	192,518	235,433	242,976
Provision for impairment on advances to related parties - note 10	–	–	9,244,378
Provision for impairment of financial assets at FVOCI - note 7	–	–	10,679,065
Depreciation - note 8	108,350	–	–
Finance cost - note 11	37,677	–	–
Unrealized foreign exchange loss (gain) - note 11	(161,284)	220,324	9,121
Interest income - note 5	(553)	(459)	(767)
Operating loss before working capital changes	(1,886,064)	(2,173,246)	(2,596,954)
Increase in prepayments and other current assets	(188,281)	(241,023)	(241,341)
Decrease in accounts payable and other liabilities	(32,156)	(134,682)	(222,491)
Cash used in operations	(2,106,501)	(2,548,951)	(3,060,786)
Interest received	553	459	767
Net cash used in operating activities	(2,105,948)	(2,548,492)	(3,060,019)
CASH FLOW FROM INVESTING ACTIVITIES			
Collection of advances to related parties - note 11	2,263,311	2,753,984	15,164,568
Additional advances to related parties - note 11	(80,000)	(50,000)	–
Additions to financial assets at FVOCI - note 7	–	–	(12,500,000)
Net cash provided by investing activities	2,183,311	2,703,984	2,664,568
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability	(112,323)	–	–
Finance cost paid	(37,677)	–	–
Net cash used in financing activities	(150,000)	–	–
NET INCREASE (DECREASE) IN CASH	(72,637)	155,492	(395,451)
CASH - note 5			
At beginning of year	287,913	132,421	527,872
At end of year	₱ 215,276	₱ 287,913	₱ 132,421

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

FORUM PACIFIC, INC.

Notes to Financial Statements

As at December 31, 2019 and 2018 and for each of the three years
in the period ended December 31, 2019

1. CORPORATE INFORMATION

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

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

The accompanying financial statements of the Company as at and for the year ended December 31, 2019 including its comparatives for 2018 and 2017 were approved and authorized for issue by its Board of Directors (BOD) on June 5, 2020.

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

Management's Assessment of the Going Concern Assumption

The Company incurred losses amounting to ₱2,061,580, ₱2,628,544 and ₱22,771,727 in 2019, 2018 and 2017, respectively. The Company had accumulated deficit of ₱852,277,151 and ₱850,207,625 as at December 31, 2019 and 2018, respectively. To continue as a going concern, the officers and major stockholders of the Company have committed to provide full financial support to the Company to sustain its operations, meet the working capital requirements and settle obligations as they fall due.

Business Plans

With the volatile situation of metal and oil prices in the global market, the management's previous plan on banking on new petroleum and gas and other mining contracts is temporarily reserved. For 2020 the Company plans to undertake the following:

- Aside from the investment in Taguig Lake City Development Corporation (TLCDC), the Company will further outline business target projects; welcome other business opportunities from different industries apart from oil and gas and mineral exploration.
- Continue research for areas and land mine with potential mineral deposits using affiliated Group's geologists and engineers.
- Consider investing into potential renewable energy sources like solar power, biofuels, hydro, wind and geothermal energy.

- Evaluate potential buyers to buy out investment with Forum Exploration Inc.
- Evaluate advances to affiliates and design collection programs to improve the Company's financial status. As at December 31, 2019 and 2018, the Company has existing contracts with The Wellex Group Inc. (TWGI) to collect outstanding advances (see Note 11).
- Evaluate calling for the remaining stock subscription as source of fund for future projects. The Company has outstanding ₱667,456,379 subscription receivable as at December 31, 2019 (see Note 10).

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Statement of Compliance

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

Basis of Preparation

The financial statements have been prepared on a historical cost basis, except for the Company's financial assets at FVOCI, which are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Functional and Presentation Currency

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial years except for the following amended PFRS that are mandatorily effective for annual periods beginning on or after January 1, 2019.

PFRS 16, Leases. This new standard introduces a single lessee accounting model to be applied to all leases, whilst substantially carries forward the lessor accounting requirements in PAS 17 *Leases*.

Lessees recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments for all leases with a term of more than 12 months, unless the underlying asset is of low value. Whereas, lessors continue to classify leases as operating leases or finance leases, and to account for those two types of leases differently. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply PFRS 15 at or before the date of initial application of PFRS 16.

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

On initial application, the Company has elected to record right-of-use asset based on the corresponding lease liability. The Company elected to use the transition practical expedient to not reassess whether the contract is, or contains a lease as at January 1, 2019. Instead, the Company applied the standard only to contract previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC 4 at the date of initial application. Right-of-use asset and lease obligation of ₱216,701 (with accumulated amortization of ₱72,234) and ₱152,413 respectively were recorded as at January 1, 2019, with ₱7,946 effect in deficit. When measuring lease liability, the Company discounted lease payments using its incremental borrowing rate as at January 1, 2019. The weighted average rate applied is 24.72%.

Reconciliation of operating lease commitment under PAS 17 as at December 31, 2018 and lease liability as at January 1, 2019 under PFRS 16 is as follows:

Operating lease commitment as at December 31, 2018 under PAS 17	₱200,000
Less: Commitments relating to short-term lease and low value-leases	—
Operating lease commitment as at December 31, 2018 scoped-in under PFRS 16	200,000
Less: Amount of discount using single incremental borrowing rate as at January 1, 2019	47,587
Lease liability as at January 1, 2019	₱152,413

PFRS 3 (Amendments), Business Combinations – Previously Held Interest in a Joint Operation. The amendments provides additional guidance to clarify that, when obtaining control of a business that is a joint operation, the acquirer applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at its acquisition-date fair value.

PFRS 11 (Amendments), Joint Arrangements – Previously Held Interest in a Joint Operation. The amendments clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure its previously held interests.

PAS 12 (Amendments), Income Taxes – Income Tax Consequences of Payments on Financial Instruments Classified as Equity. The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

PAS 23 (Amendments), Borrowing Costs – Borrowing Costs Eligible for Capitalization. The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The amendments are effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

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

PAS 19 (Amendments), Employee Benefits – Plan Amendment, Curtailment or Settlement, The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. The amendments also clarify how the requirements on accounting for a plan amendment, curtailment or settlement affect the asset ceiling requirements. The amendments are effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

The amendments will not have an impact on the disclosures and amounts recognized in the Company's financial statements.

PAS 28 (Amendments), Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures. The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The amendments are effective for annual periods beginning on or after January 1, 2019 and shall be applied retrospectively. However, early application of these amendments is permitted.

The amendments will not have an impact on the disclosures and amounts recognized on the Company's financial statements.

PFRS 9 (Amendment), Financial Instruments – Prepayment Features with Negative Compensation. This addresses the concerns about how PFRS 9 classifies particular prepayable financial assets. The amendments also include clarifications to the accounting for a modification or exchange of a financial liability that does not result in derecognition. The amendments are effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

The amendment will not have a significant impact on the disclosures and amounts recognized on the Company's financial statements.

Philippine Interpretation IFRIC-23, Uncertainty over Income Tax Treatments. This interpretation addresses how to apply the recognition and measurement requirements of PAS 12 Income Taxes when there is uncertainty over income tax treatments. This interpretation is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

The interpretation will not have significant impact on the disclosures and amounts recognized in Company's financial statements.

New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to January 1, 2019

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

Annual Improvements to PFRS 2015-2017 Cycle

The annual improvements addressed the following issues:

PAS 1 (Amendments), Presentation of Financial Statements and PAS 8 (Amendments), Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material. The amendments clarify that 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 are effective for annual periods beginning on or after January 1, 2020, with earlier application permitted.

The amendments will not have an impact on the disclosures and amounts recognized on the Company's financial statements.

PFRS 3 (Amendments), Business Combinations – Definition of a Business. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. It narrows the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs. In addition, it provides guidance and illustrative examples to help entities assess whether a substantive process has been acquired and remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments are effective for annual periods beginning on or after January 1, 2020, with earlier application permitted.

The amendments will not have an impact on the disclosures and amounts recognized on the Company's financial statements.

PFRS 17, Insurance Contracts. The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, including reinsurance contracts held and investment contracts with discretionary participation features issued. The objective of the standard is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of the standard have on the entity's financial position, financial performance and cash flows. The standard is effective for annual periods beginning on or after January 1, 2021, with earlier application permitted.

The new standard will not have an impact on the disclosures and amounts recognized on the Company's financial statements.

Determination of Fair Value and Fair Value Hierarchy

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

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

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

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

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

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

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

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

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

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

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

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

“Day 1” difference

When the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the statements of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statements of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference amount.

Financial Instruments

Initial recognition, measurement and classification

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

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

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

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

Financial assets at amortized cost

Financial assets are measured at amortized when both of the following conditions are met:

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

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

As at December 31, 2019 and 2018, included under financial assets at amortized cost are the Company's cash and advances to related parties (see Notes 5 and 11).

Cash

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

Advances to related parties

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

Equity Instruments Designated at FVOCI

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

As at December 31, 2019 and 2018, the Company elected to classify irrevocably its quoted and unquoted equity investments under this category (see Note 7).

Financial Liabilities at Amortized Cost

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

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

As at December 31, 2019 and 2018, included in financial liabilities at amortized cost are the Company's accounts payable and other liabilities (excluding government liabilities), lease liability and advances from a related party (see Notes 9 and 11).

Accounts payable and other liabilities

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

Lease liability

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

Advances from a related party

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

Offsetting of Financial Instruments

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

Derecognition of Financial Instruments

Financial assets

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

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

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

Financial liabilities

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

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

Impairment of Financial Assets

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

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

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

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

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

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

Significant increase in credit risk

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

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

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

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

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

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

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

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

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

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

Definition of default

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

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

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

Credit-impaired financial assets

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

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

Write-off policy

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

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

Input Tax

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

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

Right-of-use Asset

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

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

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

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

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

Impairment of Non-Financial Assets

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

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

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

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

Retirement Benefits

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

Income Taxes

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred income tax is determined using tax rates and laws, in the period the temporary difference are expected to be recovered or settled, that have been enacted or substantively enacted as at reporting period.

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

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

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

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

Leases

The Company is a party to operating lease as a lessee.

Leases under PAS 17 in 2018

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating lease.

Lease expense from operating lease is recognized in the statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance, taxes, insurance, and others are expensed as incurred.

Upon adoption of PFRS 16 in 2019

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

The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

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

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

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

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

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

Related Parties and Related Party Transactions

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

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

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

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are initially measured at the proceeds received, net of direct issue costs. Equity instruments are subsequently measured at cost.

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

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

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

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

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

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

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

Revenue Recognition

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

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

Cost and Expense Recognition

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

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

Foreign Currency Denominated Transactions

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

Basic Loss Per Share

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

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made with the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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

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

Events after the Reporting Date

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS, AND ESTIMATES AND ASSUMPTIONS

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

Significant Accounting Judgments in Applying the Company's Accounting Policies

Leases

The Company has entered into contracts of lease for its office space it occupies. In 2018, the Company has determined that all significant risks and benefits of ownership on this property will be retained by the lessor. Thus, the lease was accounted for as operating lease. In 2019, upon adoption of PFRS 16, Leases, the Company determines the contract if there is a substance of lease. In determining the substance of the lease, the Company considered, among others, whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Based on management judgment, the Company's lease for its office space has substance of lease, thus, the Company recognized right-of-use asset representing the right to use the leased asset and lease liability representing its obligation to make lease payments.

Significant Accounting Estimates and Assumptions

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

Impairment of input tax

Management believes that the recoverability of input tax is doubtful since the Company is not expecting income subject to output tax in the near future. Consequently, the Company has provided full valuation allowance of its input tax in 2019 and 2018.

The Company's input tax amounted to ₱2,034,385 and ₱1,841,667 as at December 31, 2019 and 2018, respectively (see Note 6).

Deferred tax assets

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

The Company's unrecognized deferred tax assets amounted to ₱9,252,346 and ₱9,473,672 as at December 31, 2019 and 2018, respectively (see Note 14).

Allowance for impairment of advances to related parties

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

Advances to related parties amounted to ₱250,239,312 and ₱252,422,623, net of allowance for impairment loss of ₱221,205,384, as at December 31, 2019 and 2018, respectively (see Note 11).

Allowance for impairment on financial assets at FVOCI

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

The Company's financial assets at FVOCI amounted to ₱87,296,091 and ₱89,303,953, net of allowance amounted to ₱20,000,000 as at December 31, 2019 and 2018, respectively (see Note 7).

5. CASH

Cash represents cash in bank with outstanding balance of ₱215,276 and ₱287,913 as at December 31, 2019 and 2018, respectively. Interest income earned from bank deposits were ₱553, ₱459 and ₱767 for the years ended December 31, 2019, 2018 and 2017, respectively (see Note 13).

Cash in bank generally earns interest at annual rates based on daily bank deposit rates ranging from 0.125% to 0.25% per annum in 2019 and 2018.

There is no restriction on the Company's cash as at December 31, 2019 and 2018.

6. PREPAYMENTS AND OTHER CURRENT ASSETS

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

	2019	2018
Input tax	₱ 2,034,385	₱ 1,841,867
Other current assets	40,652	44,889
	2,075,037	1,886,756
Less: Valuation allowance on input tax	(2,034,385)	(1,841,867)
	₱ 40,652	₱ 44,889

Movements in the allowance on input tax are as follows:

	2019	2018
Balance at beginning of the year	₱ 1,841,867	₱ 1,606,434
Provision during the year – note 13	192,518	235,433
Balance at end of year	₱ 2,034,385	₱ 1,841,867

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

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

7. FINANCIAL ASSETS AT FVOCI (net)

Financial assets at FVOCI as at December 31 consist of:

	2019	2018
Unquoted shares		
Balance at beginning and end of the year	₱ 65,711,573	₱ 65,711,573
Quoted shares		
Cost	7,529,480	7,529,480
Unrealized fair value gain	14,055,038	16,062,900
	21,584,518	23,592,380
	₱ 87,296,091	₱ 89,303,953

Investment in unquoted shares of stock represents ownership of the Company in FEI (see Note 11) and TLCDC. These investments are classified as financial assets at FVOCI as the Company does not participate in the financial and operating policy of the investee would which manifest control, joint control or significant influence. These investments are stated at cost less impairment loss since there is no quoted price in an active market.

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

The movements in the unrealized fair value gain on financial assets at FVOCI are as follows:

	2019	2018	2017
At beginning of year	₱ 16,062,900	₱ 10,290,297	₱ 6,525,555
Fair value changes during the year	(2,007,862)	5,772,603	3,764,742
At end of year	₱ 14,055,038	₱ 16,062,900	₱ 10,290,297

The Company's financial assets at FVOCI as at December 31, 2019 and 2018 are not held as collateral for its financial liabilities.

8. RIGHT-OF-USE ASSET (net)

During the year, the Company recognized a right-of-use asset as a result of adoption of PFRS 16. The carrying amount is as follows:

December 31, 2019	Right-of-use asset
Cost	
At beginning and end of year	₱ 216,701
Accumulated depreciation	
At beginning of year	72,234
Depreciation – note 12	108,350
At end of year	180,584
Net carrying amount, December 31, 2019	₱ 36,117

Based on the impairment review of the Company's right-of-use asset, the Company believes that there is no indication of impairment on its right-of-use asset as at December 31, 2019 and 2018.

9. ACCOUNTS PAYABLE AND OTHER LIABILITIES

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

	2019	2018
Accrued expenses	₱ 312,000	₱ 270,000
Withholding taxes	7,625	7,625
Accounts payable	5,400	79,556
	₱ 325,025	₱ 357,181

Accrued expenses pertain to unpaid professional fees.

Accounts payable pertains to the amount due to supplier's payable within one year and do not bear any interest.

There were no assets of the Company that were collateralized for the above accounts payable and other liabilities.

10. CAPITAL STOCK

Details of the Company's capital stock as at December 31, 2019 and 2018 are as follows:

Capital stock	Number of Shares	Par value	Total
Authorized	3,500,000,000	₱ 1	₱ 3,500,000,000
Subscribed	1,875,000,000	1	1,875,000,000
Less: subscription receivable	(667,456,379)	1	(667,456,379)
Subscribed and paid-up	1,207,543,621	1	1,207,543,621
Less: Treasury shares	(36,056,750)	1	(36,056,750)
Issued and outstanding	1,171,486,871	₱ 1	₱ 1,171,486,871

The Company has one class of common shares which carry no right to fixed income. No movement in the capital stock of the Company in 2019 and 2018 reporting periods. There were no shares of the Company reserved for issue under options and contracts for the sale of shares as at December 31, 2019 and 2018.

Track record of registration of securities

The Company was originally registered as Cophil Exploration, Inc. with the SEC on January 8, 1993. The Company was listed with the PSE on December 19, 1994 with initial registered shares of 50 billion at ₱0.01 par value per share.

On September 2, 1996, the BOD and stockholders approved a resolution to amend the Company's Article of Incorporation by changing the par value per share of ₱0.01 to ₱1.00, removing the preemptive rights of shareholders and increasing authorized capital stock from ₱500 million divided by 50 billion shares to ₱2 billion divided into 2 billion shares. On September 27, 1996, SEC approved the amendment on the Company's capital structure.

On August 22, 1997, the BOD and the stockholders approved a further increase in the Company's authorized capital stock from ₱2 billion to ₱3.5 billion divided into 3.5 billion shares with a par value of ₱1 per share. On March 11, 1998, SEC approved the Company's increased in authorized capital stock.

The Company has 1.2 billion shares listed and traded in the PSE as at December 31, 2019 and 2018.

The historical market values of the Company's share are as follows:

December 31, 2019	₱ 0.212
December 31, 2018	0.219
December 31, 2017	0.199

The Company has 865 and 870 stockholders as at December 31, 2019 and 2018, respectively.

11. RELATED PARTY TRANSACTIONS

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

Details of related party relationships, transactions and balances are as follows:

Related parties and relationships	Nature of transactions	Amount of transactions		Outstanding receivable		Terms And Condition
		2019	2018	2019	2018	
With common key management						
TWGI	Cash advance	(₱1,481,311)	(₱2,001,985)	₱299,813,620	₱301,996,931	(a) Unsecured, Partially impaired
	Consultancy agreement	(480,000)	(480,000)	–	–	(a)
	Rental of office space	(222,000)	(222,000)	–	–	(a)
FEI	Transfer of assets	–	–	171,631,076	171,631,076	(b) Unsecured, Fully impaired
		(2,183,311)	(2,703,985)	471,444,696	473,628,007	
Impairment loss		–	(1,048,326)	(221,205,384)	(221,205,384)	
		(₱2,183,311)	(₱3,752,311)	₱250,239,312	₱252,422,623	

Related parties and relationships	Nature of transactions	Amount of transactions		Outstanding payable		Terms Condition
		2019	2018	2019	2018	
With common key management						
Forum Exploration, Inc. Ltd. (FEI – Ltd.)	Cash advance for working capital	₱ –	₱ –	₱4,198,767	₱4,360,051	(c) Unsecured

(a) Advances to TWGI

On December 15, 2012, TWGI issued a promissory note to the Company maturing on December 15, 2015 amounting to ₱330,495,385 without interest. On December 16, 2015, the promissory note was renewed for another three years maturing on December 16, 2018. In 2018, the Company renewed the promissory note amounting to ₱301,996,932 for another five years maturing on December 16, 2023. To settle the outstanding advances, the Company entered into the following contracts with TWGI, which in return, amounts incurred will be applied to the outstanding advances:

- The Company leases an office space from TWGI in May 2014. The lease is for a period of two years but renewable thereafter upon mutual agreement of both parties. The contract has been renewed thrice since then and is currently valid until April 30, 2022.

Total rental and utilities expenses charged to operations for the years ended December 31 are as follows (see Note 12):

	2019	2018	2017
Utilities	₱ 72,000	₱ 72,000	₱ 72,000
Rent	–	150,000	150,000
	₱ 72,000	₱ 222,000	₱ 222,000

On January 1, 2019, the Company adopted PFRS 16 for the first time. The Company recognized the asset as ‘right-of-use asset’ and corresponding lease liability.

The present value of the lease liability as at December 31, 2019 is as follows:

Current	₱ 40,090
Noncurrent	–
	₱ 40,090

The future minimum lease payments as at December 31, 2019 are as follows:

Not later than one year	₱ 50,000
Later than one year but not later than five years	–
Future minimum lease payments	50,000
Amounts representing finance charges	(9,910)
	₱ 40,090

The net carrying amount of the right-of-use asset recognized as at December 31, 2019 is disclosed in Note 8.

Total finance costs charged to operations for the year ended December 31, 2019 amounted to ₱37,677 (see Note 13).

- In April 2012, the Company has entered into a consultancy agreement with TWGI, whereby the latter will provide corporate planning and financial services on its various corporate functions and undertakings. The contract has been renewed four times since then and is currently valid until April 30, 2022. Total management fee charged to operations amounted to ₱480,000 for the years ended December 31, 2019, 2018 and 2017 (see Note 12).

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

(b) Advances to FEI

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

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

The Company has outstanding advances to FEI pertaining to the value of exploration assets transferred by the Company.

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

As at December 31, 2019 and 2018, FEI has not yet returned the value of the exploration assets that the Company transferred.

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

The Company received USD denominated cash advances from FEI - Ltd. amounted to \$82,922 with no definite terms of payment and will be settled in USD.

	2019	2018
At beginning of year	₱ 4,360,051	₱ 4,139,727
Unrealized foreign exchange loss (gain) – note 13	(161,284)	220,324
At end of year	₱ 4,198,767	₱ 4,360,051

(d) Remuneration to key management personnel

With the Company's tight cash position, management decided to suspend any form of compensation/ remuneration given to key management personnel.

(e) Others

The Company's administrative functions are performed by TWGI.

12. COSTS AND EXPENSES

Cost and expenses for the years ended December consists of:

	2019	2018	2017
Professional fees	₱ 782,000	₱ 954,080	₱ 1,363,100
Management fees – note 11	480,000	480,000	480,000
Membership fees and dues	262,399	267,399	269,049
Depreciation – note 8	108,350	–	–
Office supplies	77,309	66,369	66,786
Utilities – note 11	72,000	222,000	222,000
Communication	39,821	43,714	31,312
Travel and transportation	35,779	41,018	22,507
Taxes and licenses	19,452	19,265	18,014
Miscellaneous	117,304	79,401	124,186
	₱ 1,994,414	₱ 2,173,246	₱ 2,596,954

Membership fees and dues include annual PSE listing and registration.

Miscellaneous expense mainly consists of website maintenance fees.

13. OTHER EXPENSES (net)

Other expenses (net) for the years ended December 31 consists of:

	2019	2018	2017
Unrealized foreign exchange gain (loss) – note 11	₱ 161,284	(₱ 220,324)	(₱ 9,121)
Interest income – note 5	553	459	767
Finance cost – note 11	(37,677)	–	–
Provision for impairment on:			
Input tax – note 6	(192,518)	(235,433)	(242,976)
Financial assets at FVOCI – note 7	–	–	(10,679,065)
Advances to related parties – note 11	–	–	(9,244,378)
	(₱ 68,358)	(₱ 455,298)	(₱20,174,773)

14. INCOME TAXES

Reconciliation of tax expense

The reconciliation of loss before income tax computed at the regular corporate income tax rate to the benefit from income tax as shown in the statement of comprehensive income is as follows:

	2019	2018	2017
Loss before income tax	(₱2,062,772)	(₱2,628,544)	(₱22,771,727)
Income tax benefit at statutory rate :	(₱ 618,832)	(₱ 788,563)	(₱ 6,831,518)
Income tax effect on:			
Nontaxable income	(166)	(138)	(230)
Expired NOLCO	841,516	646,335	637,523
Nondeductible expense	-	-	2,773,313
Change in unrecognized deferred tax assets	(221,326)	142,366	3,420,912
	₱ 1,192	₱ -	₱ -

The composition of deferred tax assets (net) and liability as at December 31 is as follows:

	2019	2018
Deferred tax assets		
Impairment loss on financial asset at FVOCI	₱ 6,000,000	₱ 6,000,000
NOLCO	2,041,879	2,272,576
Provision for input VAT	610,316	552,560
Unrealized foreign exchange loss	600,151	648,536
Lease liability	12,027	-
	9,264,373	9,473,672
Unrecognized deferred tax assets	(9,252,346)	(9,473,672)
	₱ 12,027	₱ -
Deferred tax liability		
Right-of-use asset (net)	(₱ 10,835)	₱ -

The Company has deductible temporary differences that are available for offset against future taxable income for which no deferred tax assets have been recognized in the financial statements. Deferred tax assets of the temporary differences amounting to ₱9,252,346 and ₱9,473,672 in 2019 and 2018, respectively, were not recognized as management believes that it is more likely than not, that the carry-forward benefits will not be realized in the future.

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

As at December 31, 2019, the Company has NOLCO that can be claimed as deduction from future taxable income as follows:

Year Incurred	Expiration Date	Beginning balance	Additions	Expired	Claimed	Ending balance
2019	2022	₱ –	₱2,036,064	₱ –	₱ –	₱2,036,064
2018	2021	2,173,246	–	–	–	2,173,246
2017	2020	2,596,954	–	–	–	2,596,954
2016	2019	2,805,053	–	(2,805,053)	–	–
		₱ 7,575,253	₱2,036,064	(₱2,805,053)	₱ –	₱6,806,264

15. LOSS PER SHARE

The following table presents information necessary to calculate the loss per share:

	2019	2018	2017
Net loss for the year	(₱ 2,061,580)	(₱ 2,628,544)	(₱ 22,771,727)
Weighted average number of common shares outstanding during the year	1,171,486,871	1,171,486,871	1,171,486,871
	(₱ 0.002)	(₱ 0.002)	(₱ 0.019)

16. SUBSEQUENT EVENTS

Impact of COVID-19

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed enhanced community quarantine throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020. Enhanced community quarantine was likewise imposed in provinces outside the island of Luzon as imposed by their respective local government unit. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve. On May 16, 2020, the Enhanced Community Quarantine was downgraded to Modified Enhanced Community Quarantine in Metro Manila and to General Community Quarantine in most provinces which was further extended to May 31, 2020.

The Company considers the measure taken by the government as a non-adjusting subsequent event, which does not impact its financial position and performance as of and for the year ended December 31, 2019. However, it could have a material impact on its 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Company cannot determine at this time the impact to its financial position, performance and cash flows. The Company will continue to monitor the situation.

17. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Credit risk

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

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

The Company current credit risk grading framework is as follows:

Category	Description	Basis for recognizing ECL	Base	Minimum allowance for credit losses	Stage
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECL	0%	0%	1
Doubtful	Amount is 1-30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired	25%	1%	2
	Amount is 31-90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – not credit-impaired	25%	5%	2
	Amount is 91-180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – not credit-impaired	25%	10%	2
	Amount is 181-360 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – not credit-impaired	25%	12%	2
In default	Amount is over 1 year to 2 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	50%	15%	3
	Amount is over 2 years to 3 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	100%	15%	3
	Amount is over 3 years to 5 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	100%	50%	3
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off	100%	100%	3

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

December 31, 2019					
		Basis of recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in bank– note 5	(a)		₱ 215,276	₱ –	₱ 215,276
Advances to related parties – note 11	(b)	Lifetime ECL	471,444,696	(221,205,384)	250,239,312
Total			₱ 471,659,972	(₱221,205,384)	₱250,454,588

		December 31, 2018			
		Basis of recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in bank– note 5	(a)		₱ 287,913	₱ –	₱ 287,913
Advances to related parties – note 11	(b)	Lifetime ECL	473,628,007	(221,205,384)	252,422,623
Total			₱473,915,920	(₱221,205,384)	₱ 252,710,536

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

(a) Cash in bank

The credit risk for cash in bank is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in bank is insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 for every depositor per banking institution.

(b) Advances to related parties

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

The Company applies the simplified approach to measuring ECL which uses a lifetime ECL for advances to related parties.

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

The expected loss rates are based on the payment profiles of related parties over a period of 60 months before December 31, 2019 and 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the related parties to settle the receivables.

Advances to related parties are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company and if past due for more than five years.

On that basis, the loss allowance as at December 31, 2019 and 2018 was determined based on months past due, as follows for advances to related parties:

December 31, 2019	ECL rate	Cash in bank	Advances to related parties	Total	ECL
Performing	0%	₱ 215,276	₱ 299,813,620	₱300,028,896	₱49,574,308*
Doubtful		—	—	—	—
1-30 days	0.25%	—	—	—	—
31-90 days	1.25%	—	—	—	—
91-180 days	2.50%	—	—	—	—
181-360 days	3.00%	—	—	—	—
In default					
1-2 years	7.50%	—	—	—	—
2-3 years	15.00%	—	—	—	—
3-5 years	50.00%	—	—	—	—
Write-off	100%	—	171,631,076	171,631,076	171,631,076
		₱ 215,276	₱471,444,696	₱471,659,972	₱221,205,384

December 31, 2018	ECL rate	Cash in bank	Advances to related parties	Total	ECL
Performing	0%	₱287,913	₱ 301,996,931	₱302,284,844	₱49,574,308*
Doubtful		—	—	—	—
1-30 days	0.25%	—	—	—	—
31-90 days	1.25%	—	—	—	—
91-180 days	2.50%	—	—	—	—
181-360 days	3.00%	—	—	—	—
In default					
1-2 years	7.50%	—	—	—	—
2-3 years	15.00%	—	—	—	—
3-5 years	50.00%	—	—	—	—
Write-off	100%	—	171,631,076	171,631,076	171,631,076
		₱287,913	₱473,628,007	₱473,915,920	₱221,205,384

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

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

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

As at December 31, 2019 and 2018, the Company has entered into an agreement with its related party to settle the advances (see Note 11).

Liquidity risk

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

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

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

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

December 31, 2019	Total	On demand	Less than three months	3 to12 months	1 to 5 years
Account payable and other liabilities*	₱ 317,400	₱ –	₱ –	₱ 317,400	₱ –
Advances from a related party	4,198,767	–	–	–	4,198,767
	₱ 4,516,167	₱ –	₱ –	₱ 317,400	₱ 4,516,167

December 31, 2018	Total	On demand	Less than three months	3 to12 months	1 to 5 years
Account payable and other liabilities*	₱ 349,556	₱ –	₱ –	₱ 349,556	₱ –
Advances from a related party	4,360,051	–	–	–	4,360,051
	₱ 4,709,607	₱ –	₱ –	₱ 349,556	₱ 4,360,051

**excluding government liabilities*

The Company's current ratio for year ended December 31, 2019 and 2018 is 0.70 to 1 and 0.93 to 1, respectively.

Equity price risk

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

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

If the price of the financial assets at FVOCI had been 10% higher/lower the net income before tax for the year ended December 31, 2019 and 2018 would decrease/increase by ₱8,729,609 and ₱8,930,395 respectively.

Foreign currency risk

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

The Company is mainly exposed to foreign currency risk through its advances from a related party of \$82,922 which amounted to ₱4,198,767 and ₱4,360,051 as at December 31, 2019 and 2018, respectively.

The sensitivity rate used on reporting foreign currency risk internally to key management personnel is 10% and it represents management's assessment of reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary assets and liabilities and adjusts their translation at the period end for a 10% in foreign exchange rates. A positive number indicates an increase in net income when the Philippine peso strengthens at 10% against the relevant currency. For 10% weakening of the Philippine peso against the relevant currency, there would be an equal and opposite impact on the net income. If foreign exchange rates had been 10% higher/lower, the net loss before tax would decrease /increase by ₱419,877 and ₱436,005 in 2019 and 2018, respectively. Equity as at December 31, 2019 and 2018 would decrease/increase by ₱293,914 and ₱305,204, respectively.

Capital Risk Objective and Management

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

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

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

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

The gearing ratios as at December 31, 2019 and 2018 were as follows:

	2019	2018
Debt	₱ 4,574,717	₱ 4,717,232
Cash	215,276	287,913
Net debt	4,359,441	4,429,319
Equity	333,264,758	337,342,146
Gearing ratio	1.31%	1.31%

The Company is subject to externally imposed capital requirement amounting to ₱6,250,000 which is the minimum paid-up capital requirement of SEC for mining companies. As at December 31, 2019 and 2018, the Company is in compliance with this externally imposed capital requirement.

18. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The reconciliation about the changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes for the year ended December 31, 2019 is as follows:

	Balance as at January 1, 2019	New leases	Changes from financing cash flows	Balance as at December 31, 2019
Lease liability	₱ 152,413	₱ –	(₱ 112,323)	₱40,090

19. FAIR VALUE INFORMATION

Assets measured at fair value

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

	Fair value as at December 31		Fair value hierarchy	Valuation techniques
	2019	2018		
Financial assets at FVOCI	₱ 21,584,518	₱ 23,592,380	Level 1	Quoted prices in an active market

Assets and liabilities not measured at fair value

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

	2019		2018		Valuation techniques	Fair value hierarchy
	Carrying Value	Fair Value	Carrying Value	Fair Value		
Financial Asset						
Advances to related parties	₱250,239,312	₱235,419,645	₱252,422,623	₱236,388,399	Discounted value of future cash flows	Level 2
Financial Liability						
Advances from a related party	₱ 4,198,767	₱ 3,958,612	₱ 4,360,051	₱ 4,083,095	Discounted value of future cash flows	Level 2

For the long-term financial assets and liabilities, the fair value of the non-interest bearing noncurrent assets and liabilities are determined based on the discounted value of future cash flows using the prevailing credit adjusted PH BVAL for 2018 and 2019 that are specific to the tenor of the instruments' cash flow as at reporting date. Discount rates used is 3.415% in 2019 and 6.783% in 2018.

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

Certain financial assets at FVOCI amounting to ₱65,711,573 as at December 31, 2019 and 2018, are carried at cost less impairment loss since there was no reliable basis for the measurement of the fair value.

20. SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATIONS NO. 15-2010

On December 28, 2010, Revenue Regulations (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS.

a) Output value-added tax

The Company has no output VAT since it does not have any income subject to VAT.

b) *Input value-added tax*

	2019
At beginning of year	₱ 1,841,867
Current purchases and payments for:	
Domestic purchases of goods and services	192,518
	₱ 2,034,385

c) *Importations*

The Company did not pay nor accrue custom duties or tariff fees as the Company did not import any goods or equipment for the year ended December 31, 2019.

d) *Excise Tax*

The Company did not pay nor accrue any excise tax as there was no related transaction that requires the payment of the said tax for the year ended December 31, 2019.

e) *Documentary Stamp Tax*

The Company did not pay nor accrue any documentary stamp tax as there was no related transaction that requires the payment of the said tax for the year ended December 31, 2019.

f) *Taxes and licenses*

Details of taxes and licenses account are broken down as follows:

	2019
Business permits	₱ 18,272
Corporate Community tax	680
BIR Annual registration	500
	₱ 19,452

g) *Withholding taxes*

The total amount of expanded withholding tax paid is ₱94,296 for the year ended December 31, 2019.

h) *Deficiency tax assessment and tax cases*

The Company had no deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the taxable year.

* * *

Statement Required by Rule 68, Part I, Section 3.F,
Revised Securities Regulation Code (SRC)

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

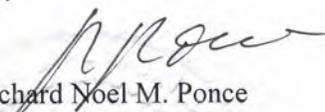
We have audited the accompanying financial statements of **Forum Pacific, Inc.** (the 'Company'), as at and for the year ended December 31, 2019, on which we have rendered the attached report dated June 5, 2020. In connection with our audit, we obtained a certification from the Company's corporate secretary as to the number of stockholders and their corresponding shareholdings as at December 31, 2019. In relation to the certification issued by the corporate secretary, we conducted certain tests necessary to validate the related Company's entries and balances.

In compliance with Revised SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of the work performed, as at December 31, 2019, the Company has eight hundred forty-five (845) stockholders owning one hundred (100) or more shares each.

DIAZ MURILLO DALUPAN AND COMPANY

Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until August 11, 2020
SEC Accreditation No. 0192-FR-3, Group A, effective until April 2, 2022
BIR Accreditation No. 08-001911-000-2019, effective until March 27, 2022

By:


Richard Noel M. Ponce
Partner
CPA Certificate No. 120457
SEC Accreditation No. 1738-A, Group A, effective until January 30, 2022
Tax Identification No. 257-600-228
PTR No. 8147698, January 18, 2020, Makati City
BIR Accreditation No. 08-001911-012-2019, effective until September 29, 2022

June 5, 2020

Global Reach, Global Quality

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

**Independent Auditors' Report on
Components of Financial Soundness Indicators**

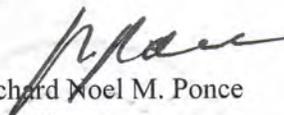
To the Board of Directors and Stockholders of
FORUM PACIFIC, INC.
35th Floor, One Corporate Center
Doña Julia Vargas Ave., corner Meralco Avenue
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **Forum Pacific, Inc.** (the 'Company') as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated June 5, 2020. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, is the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

DIAZ MURILLO DALUPAN AND COMPANY

Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until August 11, 2020
SEC Accreditation No. 0192-FR-3, Group A, effective until April 2, 2022
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June 5, 2020

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Website : www.dmdcpa.com.ph

FORUM PACIFIC, INC.
SCHEDULE SHOWING FINANCIAL SOUNDNESS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2019

Ratio	Formula	2019	2018
Profitability ratios:			
Return on assets	$\frac{\text{Net income}}{\text{Total assets}}$	N/A	N/A
Return on equity	$\frac{\text{Net income}}{\text{Total equity}}$	N/A	N/A
Net profit margin	$\frac{\text{Net income}}{\text{Total revenue}}$	N/A	N/A
Solvency and liquidity ratios:			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.70	0.93
Debt to equity ratio	$\frac{\text{Liabilities}}{\text{Shareholder's equity}}$	0.01	0.01
Acid test ratio	$\frac{\text{Quick assets}^1}{\text{Current liabilities}}$	0.59	0.81
Cash-flow liquidity ratio	$\frac{\text{Cash-flow from operations}}{\text{Current liabilities}}$	N/A	N/A
Financial leverage ratio:			
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equities}}$	1.01	1.01
Debt to asset ratio	$\frac{\text{Interest bearing debt}^2}{\text{Total assets}}$	0.00	N/A
Interest rate coverage ratio	$\frac{\text{Earnings before interest and taxes}^3}{\text{Total interest paid}^4}$	N/A	N/A

¹Includes Cash only

²Includes Lease liability only

³EBITDA less Interest Income

⁴Total interest paid less Interest Income

**Statement Required by Rule 68, Part I, Section 5,
Revised Securities Regulation Code (SRC)**

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **Forum Pacific, Inc.** (the 'Company') as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated June 5, 2020. The supplementary information shown in *List of Supplementary Information* are presented for the purpose of filing with the Securities and Exchange Commission and are not required part of basic financial statements. Such information is the responsibility of management and has been subjected to auditing procedures applied in the audits of basic financial statements. In our opinion, the information has been prepared in accordance with Rule 68 of the Revised Securities Regulation Code.

DIAZ MURILLO DALUPAN AND COMPANY

Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until August 11, 2020
SEC Accreditation No. 0192-FR-3, Group A, effective until April 2, 2022
BIR Accreditation No. 08-001911-000-2019, effective until March 27, 2022

By:



Richard Noei M. Ponce
Partner
CPA Certificate No. 120457
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FORUM PACIFIC, INC.
List of Supplementary Information
DECEMBER 31, 2019

SEC Supplementary Schedule as Required by the Revised SRC Rule 68

- A. Financial Asset at Fair Value through Other Comprehensive Income (FVOCI)
- B. Amounts Receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
- C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
- D. Long-Term Debt
- E. Indebtedness of Related Parties
- F. Guarantees of Securities of Other Issuers
- G. Capital Stock

Other Required Information

Reconciliation of Retained Earnings Available for Dividend Declaration

FORUM PACIFIC, INC.
Schedule A. Financial Asset at Fair Value through Other Comprehensive Income (FVOCI)
December 31, 2019

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the Statement of Financial Position	Valued based on market quotation at balance sheet date	Income received and accrued
Financial assets at FVOCI				
Philippine Estates Corporation	50,196,553	₱ 21,584,518	₱ 21,584,518	₱ –
Forum Exploration, Inc.	62,500,000	53,211,573	–	–
Taguig Lake City Development Corporation	125,000	12,500,000	–	–
Total financial assets at FVOCI	112,821,553	₱ 87,296,091	₱ 21,584,518	₱ –

FORUM PACIFIC, INC.

**Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal
Stockholders (Other than Affiliates).
December 31, 2019**

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Not Current	Balance at end of period
The Wellex Group, Inc.	₱301,996,931	₱ —	₱2,183,311	₱ —	₱ —	₱299,813,620	₱ 299,813,620
Forum Exploration, Inc.	171,631,076	—	—	—	—	171,631,076	171,631,076
Total	₱473,628,007	₱ —	₱2,183,311	₱ —	₱ —	₱471,444,696	₱ 471,444,696

FORUM PACIFIC, INC.

**Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation
of Financial Statement
December 31, 2019**

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
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Not Applicable

FORUM PACIFIC, INC.
Schedule D. Long Term Debt
December 31, 2019

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
---------------------------------------	--------------------------------	---	--

None

FORUM PACIFIC, INC.
Schedule E. Indebtedness to Affiliates and Related Parties (Long-Term Loans
from Related Companies)
December 31, 2019

Name of Affiliates	Balance at beginning of period	Balance at end of period
Forum Exploration Inc. Ltd.	₱ 4,360,051	₱ 4,198,767

FORUM PACIFIC, INC.
Schedule F. Guarantees of Securities of Other Issuers
December 31, 2019

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
--	---	---	---	---------------------

None

FORUM PACIFIC, INC.
Schedule G. Capital Stock
December 31, 2019

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by affiliates	Directors, officers and employees	Others
Common Stock	3,500,000,000	1,171,486,871	—	—	404,593	1,171,082,278

FORUM PACIFIC, INC.
Reconciliation of Retained Earnings Available For Dividend Declaration
December 31, 2019

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	₱	–
Add: Net income actually earned/realized during the period		<u>–</u>
Net income during the period closed to Retained Earnings		–
Less: Non-actual/unrealized income net of tax		–
Equity in net income of associate/joint venture		–
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain		–
Fair value adjustment (M2M gains)		–
Fair value adjustment of Investment Property resulting to gain		–
Adjustment due to deviation from PFRS/GAAP-gain		–
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		<u>–</u>
Sub-total		<u>–</u>
Add: Non-actual losses		–
Depreciation on revaluation increment (after tax)		–
Adjustment due to deviation from PFRS/GAAP – loss		<u>–</u>
Loss on fair value adjustment of investment property (after tax)		<u>–</u>
Net income actually earned during the period		₱ –
Add (Less):		
Dividend declarations during the period		–
Appropriations of Retained Earnings during the period		–
Reversals of appropriations		–
Effects of prior period adjustments		<u>–</u>
TOTAL RETAINED EARNINGS		<u>–</u>
END AVAILABLE FOR DIVIDEND		₱ –

Forum Pacific, Inc.

Sustainability Reporting
December 31, 2019

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	FORUM PACIFIC, INC.
Location of Headquarters	35 th Flr. One Corporate Center, Dona Julia Vargas, cor Meralco Ave., Ortigas Center, Pasig City
Location of Operations	PHILIPPINES
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	NONE
Business Model, including Primary Activities, Brands, Products, and Services	Holding Company – Engage in investing, purchasing and acquiring assets of any kind and description
Reporting Period	For the year ended 2019
Highest Ranking Person responsible for this report	Annabelle Abunda – 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 the materiality principle (or the materiality process) in identifying your material topics. ¹
<p>For its initial submission of Sustainability Report, Forum Pacific Inc. carefully assessed the materiality impact of the Company related to economic, environmental and social topics. The Company has considered different factors in evaluating the materiality such as company policies, laws and regulations of the local government and current issues in the economy.</p> <p>The reference used by the Company is the Sustainability Accounting Standards Board (SASB) Map from the Sustainability Reporting Guidelines for Public Listed Companies issued by Securities and Exchange Commission (SEC).</p> <p>As per assessment, since there's no operation and employee for the year 2019, the Company identified that it most likely to affect only two of the topics:</p> <ul style="list-style-type: none"> A. Economic Impact – Economic Performance, Procurement Practices B. Social Impact – Supply Chain Management and Data Security

¹ See [GRI 102-46](#) (2016) for more guidance.

ECONOMIC

Economic Performance

Currently, the Company has no operation and employee. These metrics and targets will be developed in tune with the nature of the businesses that will be entered into.

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	0.00	PhP
Direct economic value distributed:		
a. Operating costs	2,062,772.00	PhP
b. Employee wages and benefits	0.00	PhP
c. Payments to suppliers, other operating costs	0.00	PhP
d. Dividends given to stockholders and interest payments to loan providers	0.00	PhP
e. Taxes given to government	19,452.00	PhP
f. Investments to community (e.g. donations, CSR)	15,000.00	PhP

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 impact is seen on the generation of zero income due to the none operation of the Company.	Directors, Stockholders, Service Providers and Government	Management and directors have committed to provide full financial support to the Company in order to meet its working capital requirements and settle obligations as they fall due especially government liabilities.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The risk is the continuous payments of obligatory expenses such as government liabilities, fees, etc.	Directors, Stockholders, Service Providers and Government	The management continuously evaluate Company's financial status by undertaking different approach such as considering to invest into potential renewable energy sources and advancing to affiliates and design collection programs.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The opportunity is the prompt payments of taxes, lease and fees such as professional, consultancy and membership fees.	Directors, Service Providers and Government	The Company commits to continuously pay government and suppliers on time to maintain good relationship and avoid penalties.

Climate-related risks and opportunities²

Currently, the Company has no operations and not yet implement certain metrics and targets to assess and manage the relevant climate-related risks and opportunity at this moment. These metrics and targets will be developed in tune with the nature of the businesses that will be entered into.

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around	Disclose the actual and potential impacts ³ of climate-related risks and	Disclose how the organization identifies,	Disclose the metrics and targets used to assess and manage relevant climate-

² Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

³ For this disclosure, impact refers to the impact of climate-related issues on the company.

climate-related risks and opportunities	opportunities on the organization's businesses, strategy, and financial planning where such information is material	assesses, and manages climate-related risks	related risks and opportunities where such information is material
Recommended Disclosures			
a) Describe the board's oversight of climate-related risks and opportunities	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	a) Describe the organization's processes for identifying and assessing climate-related risks	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process
b) Describe management's role in assessing and managing climate-related risks and opportunities	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	b) Describe the organization's processes for managing climate-related risks	b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	

Procurement Practices

Currently, the Company has no operation. These metrics and targets will be further developed in tune with the nature of the businesses that will be entered into.

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
All of the procurement budget of the company was spent on local service providers and suppliers of the company.	Service Providers, and Suppliers	The Company commits to continuously keep a good relationship with the stakeholders by paying its dues on time.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The present service providers or suppliers may not be sufficient to meet the standard requirements of the Company	Service Providers and Suppliers	The Company may open doors to other service providers or suppliers that may give good quality of service or supplies.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The opportunity to use a wide range of local service provider or suppliers.	Service Providers and Suppliers	The Company may use other service providers/suppliers in the available market.

Anti-corruption

Currently, the Company has no operation and employee but has Anti-Corruption Policies and Procedures. These metrics and targets will be developed in tune with the nature of the businesses that will be entered into.

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	0	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	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
The Company has no material impact at this moment under this category.	Not Applicable	Not Applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable	Not Applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable	Not Applicable

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	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
The Company has no material impact at this moment under this category.	Not Applicable	Not Applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable	Not Applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable	Not Applicable

ENVIRONMENT

Resource Management

Currently, the Company has no operation. These metrics and targets will be developed in tune with the nature of the businesses that will be entered into.

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	0	GJ
Energy consumption (electricity)	0	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	0	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	0	GJ
Energy reduction (electricity)	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
The Company has no material impact at this moment under this category.	Not Applicable	Not Applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable	Not Applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable	Not Applicable

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

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 Company has no material impact at this moment under this category.	Not Applicable	Not Applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable	Not Applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach

There's no opportunity/ies identified at this moment for this category.	Not Applicable	Not Applicable
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Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	0	kg/liters
• non-renewable	0	kg/liters
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
The Company has no material impact at this moment under this category.	Not Applicable	Not Applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable	Not Applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable	Not Applicable

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	0 (identify all sites)	
Habitats protected or restored	0	ha
IUCN ⁴ Red List species and national conservation list species with habitats in areas affected by operations	0 (list)	

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 Company has no material impact at this moment under this category.	Not Applicable	Not Applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable	Not Applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable	Not Applicable

⁴ International Union for Conservation of Nature

Environmental impact management

Currently, the Company has no operation. These metrics and targets will be developed in tune with the nature of the businesses that will be entered into.

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	0	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	0	Tonnes

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 Company has no material impact at this moment under this category.	Not Applicable	Not Applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable	Not Applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable	Not Applicable

Air pollutants

Disclosure	Quantity	Units
NO _x	0	kg
SO _x	0	kg
Persistent organic pollutants (POPs)	0	kg
Volatile organic compounds (VOCs)	0	kg
Hazardous air pollutants (HAPs)	0	kg
Particulate matter (PM)	0	kg

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 Company has no material impact at this moment under this category.	Not Applicable	Not Applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable	Not Applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable	Not Applicable

Solid and Hazardous Wastes

Currently, the Company has no operation. These metrics and targets will be developed in tune with the nature of the businesses that will be entered into.

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	0	kg
Reusable	0	kg
Recyclable	0	kg
Composted	0	kg
Incinerated	0	kg
Residuals/Landfilled	0	kg

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 Company has no material impact at this moment under this category.	Not Applicable	Not Applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable	Not Applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable	Not Applicable

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	0	kg
Total weight of hazardous waste transported	0	kg

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 Company has no material impact at this moment under this category.	Not Applicable	Not Applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable	Not Applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable	Not Applicable

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	0	Cubic meters
Percent of wastewater recycled	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
The Company has no material impact at this moment under this category.	Not Applicable	Not Applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable	Not Applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable	Not Applicable

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Currently, the Company has no operation. These metrics and targets will be developed in tune with the nature of the businesses that will be entered into.

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
The Company has no material impact at this moment under this category.	Not Applicable	Not Applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable	Not Applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable	Not Applicable

SOCIAL

Employee Management

Currently, the Company has no operation and employee. These metrics and targets will be developed in tune with the nature of the businesses that will be entered into.

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁵		
a. Number of female employees	0	#
b. Number of male employees	0	#
Attrition rate ⁶	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	NA	NA	NA
PhilHealth	NA	NA	NA
Pag-ibig	NA	NA	NA
Parental leaves	NA	NA	NA
Vacation leaves	NA	NA	NA
Sick leaves	NA	NA	NA
Medical benefits (aside from PhilHealth))	NA	NA	NA
Housing assistance (aside from Pag-ibig)	NA	NA	NA
Retirement fund (aside from SSS)	NA	NA	NA
Further education support	NA	NA	NA
Company stock options	NA	NA	NA
Telecommuting	NA	NA	NA
Flexible-working Hours	NA	NA	NA
(Others)	NA	NA	NA

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company has no material impact at this moment under this category.	Not Applicable
What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	0	hours
b. Male employees	0	hours
Average training hours provided to employees		
a. Female employees	0	hours/employee
b. Male employees	0	hours/employee

⁵ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁶ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company has no material impact at this moment under this category.	Not Applicable
What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company has no material impact at this moment under this category.	Not Applicable
What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	0	%
% of male workers in the workforce	0	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

*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 has no material impact at this moment under this category.	Not Applicable
What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable

Workplace Conditions, Labor Standards, and Human Rights

Currently, the Company has no operation and employee. These metrics and targets will be developed in tune with the nature of the businesses that will be entered into.
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Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	0	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
The Company has no material impact at this moment under this category.	Not Applicable
What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

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	Y	Safety Policy
Child labor	Y	Safety Policy
Human Rights	Y	Safety Policy

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company has no material impact at this moment under this category.	Not Applicable
What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Suppliers and service providers are primarily evaluated bases on the quality, timeliness and costing they offer. However, management reserves the right to terminate a supply relationship if there are proven accusations of material wrong-doing on the part of the suppliers or service providers (e.g. non-compliance with government laws and regulations)

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
--	----------------------------

The impact is on the service providers/suppliers' quality and efficient services required by the Company	All services and purchases by the Company are carefully evaluated and approved by officers of the Company.
What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable

Relationship with Community

Currently, the Company has no operation. These metrics and targets will be developed in tune with the nature of the businesses that will be entered into.

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on 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)
Not material to the company in 2019 due to no operation	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

*Vulnerable sector includes children and youth, 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 the 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: _____ - _____

Certificates	Quantity	Units
FPIC process is still undergoing	0	#
CP secured	0	#

What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable

Customer Management

Currently, the Company has no operation. These metrics and targets will be developed in tune with the nature of the businesses that will be entered into.

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	Not Applicable	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company has no material impact at this moment under this category.	Not Applicable
What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	0
No. of complaints addressed	0	0

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms 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
The Company has no material impact at this moment under this category.	Not Applicable
What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	0
No. of complaints addressed	0	0

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms 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
The Company has no material impact at this moment under this category.	Not Applicable
What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms 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
The Company has no material impact at this moment under this category.	Not Applicable
What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable

Data Security

Currently, the Company has no operation and employee but already implemented the Data Privacy Act of 2012. These metrics and targets will be developed in tune with the nature of the businesses that will be entered into.

Disclosure	Quantity	Units
No. of data 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
The proper implementation of the Data Privacy Act of 2012 has been put into measures.	All information of any stakeholders are confidentially kept by the company. Any disclosures that the Company may make, will only be done within the Data Privacy Act.
What are the Risk/s Identified?	Management Approach
There's no risk/s identified at this moment for this category.	Not Applicable
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity/ies identified at this moment for this category.	Not Applicable

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 Impact
Investments	Contributes investments to other companies	No significant potential impacts identified	

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*