From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Sent: May 15, 2023 3:29 PM
To: PetroEnergy Corporate Affairs <corpaffairs@petroenergy.com.ph>
Subject: Re: CGFD_PetroEnergy Resources Corporation_SEC Form 17-Q_1st Qtr 2023_05152023

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COVER SHEET

AS094-08880

SEC Registration Number

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

(Company's Full Name)

7TH FLOOR JMT BUILDING ADB AVENUE ORTIGAS CENTER PASIG CITY

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

Maria Cecilia L. Diaz De Rivera		**8637-2917**
(Contact Person)		**(Company Telephone Number)**

12 31	**First Quarter** 17-Q	07 25
Month *Day* (Fiscal Year)		*Month* *Day* (Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

1,987		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 11
OF THE SECURITIES REGULATION CODE (SRC)
AND SRC RULE 17(a)-1(b) (2) THEREUNDER

1. 31 March 2023
For the quarterly period ended

2. SEC Identification Number ASO94-08880 3. BIR Tax Identification No. 004-471-419-000

4. PetroEnergy Resources Corporation
Exact name of registrant as specified in its charter

5. Manila, Philippines 6. (SEC Use Only)
Province, country or other jurisdiction of incorporation
Industry Classification Code:

7. 7th Floor JMT Condominium, ADB Avenue, Pasig City 1605
Address of principal office Postal Code

8. (632) 8637-2917
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 8 and 12 of the Code, or Section 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common (par value of P1.00/share)	568,711,842

Amount of Debt Outstanding = ₱4,262,130,637

11. Are any or all of the securities listed on the Philippine Stock Exchange?
All issued and outstanding common shares are listed in the Philippine Stock Exchange.

12. Indicate by check mark whether the registrant:

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

Yes [/]

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

Yes [/]

TABLE OF CONTENTS

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Philippine Peso)

	Unaudited	Unaudited	Audited
	30-Mar-23	30-Mar-22	31-Dec-22
ASSETS			
Current Assets			
Cash and cash equivalents	**₱1,687,055,733**	₱1,213,396,921	₱1,677,231,584
Short term investments	**2,575,286,425**	-	946,044,355
Restricted cash	**335,589,896**	780,197,555	2,063,387,986
Receivables	**459,565,482**	472,589,066	452,192,649
Financial assets at fair value through profit and loss (FVTPL)	**7,145,746**	8,036,775	7,540,090
Contract Assets - current portion	**17,734,939**	1,030,789	21,949,016
Crude oil inventory	**76,061,522**	47,235,013	14,437,192
Other current assets	**209,175,979**	231,346,681	165,279,803
Total Current Assets	**5,367,615,722**	2,753,832,800	5,348,062,675
Noncurrent Assets			
Property and equipment-net	**8,158,422,721**	7,891,320,079	8,196,897,057
Deferred oil exploration cost	**355,951,118**	216,717,350	311,883,011
Contract assets - net of current portion	**293,437,957**	240,335,477	274,409,474
Investment in a joint venture	**1,934,317,304**	1,784,948,164	1,877,522,983
Right of use of asset	**340,580,472**	357,327,370	342,614,655
Deferred tax assets-net	**11,113,003**	12,480,552	10,927,929
Investment properties-net	**1,611,533**	1,611,533	1,611,533
Other noncurrent assets	**499,779,985**	372,429,181	455,882,782
Total Noncurrent Assets	**11,595,214,093**	10,877,169,706	11,471,749,424
TOTAL ASSETS	**₱16,962,829,815**	₱13,631,002,506	₱16,819,812,099
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	**₱504,024,564**	₱505,151,952	₱551,463,206
Loans payable - current	**791,730,980**	840,693,234	947,144,643
Lease liabilities - current	**29,506,086**	13,615,067	22,734,502
Income tax payable	**19,086,864**	37,882,335	5,995,154
Total Current Liabilities	**1,344,348,494**	1,397,342,588	1,527,337,505
Noncurrent Liabilities			
Loans payable - net of current portion	**2,531,709,685**	3,226,486,980	2,530,784,409
Lease liabilities - net of current portion	**309,753,594**	325,848,439	306,059,838
Asset retirement obligation	**66,770,378**	95,123,996	66,230,330
Other noncurrent liability	**9,548,486**	19,734,887	12,077,639
Total Noncurrent Liabilities	**2,917,782,143**	3,667,194,302	2,915,152,216
Total Liabilities	**4,262,130,637**	5,064,536,890	4,442,489,721
Equity			
Attributable to equity holders of the Parent Company			
Capital stock	**568,711,842**	568,711,842	568,711,842
Additional paid- in capital	**2,156,679,049**	2,156,679,049	2,156,679,049
Retained earnings	**3,355,224,738**	2,839,483,052	3,182,613,298
Equity reserve	**1,177,074,157**	80,049,238	736,716,986
Remeasurement loss on defined benefit obligation	**4,104,237**	(4,570,913)	4,104,237
Share in other comprehensive income of a Joint Venture	**(78,815)**	(456,727)	(78,815)
Cumulative translation adjustment	**114,499,681**	114,499,681	114,499,681
	7,376,214,889	5,754,395,222	6,763,246,278
Noncontrolling interest	**5,324,484,289**	2,812,070,394	3,963,021,100
Deposit for future stock subscription	**-**	-	1,651,055,000
Total Equity	**12,700,699,178**	8,566,465,616	12,377,322,378
	₱16,962,829,815	₱13,631,002,506	₱16,819,812,099

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Philippine Peso)

	Unaudited For the 1st Quarter ending	
	31-Mar-23	31-Mar-22
REVENUES		
Electricity sales	**₱501,633,224**	₱425,026,400
Oil revenues	**90,756,711**	152,616,468
Other revenues	**15,185,878**	14,508,584
	607,575,813	592,151,452
COST OF SALES		
Cost of sales - Electricity	**188,802,590**	186,142,493
Cost of sales - Oil Production	**102,995,554**	86,942,657
Change in crude oil inventory	**(61,624,330)**	(34,618,337)
Cost of sales - Others	**14,912,083**	14,359,867
	245,085,897	252,826,680
GROSS INCOME	**362,489,916**	339,324,772
GENERAL AND ADMINISTRATIVE EXPENSES	**42,211,108**	37,802,772
OTHER INCOME (CHARGES)		
Interest expense	**(68,364,221)**	(76,806,425)
Share in net income of an Associate	**52,894,321**	49,822,320
Interest income	**50,189,062**	2,770,494
Net unrealized foreign exchange gain (loss)	**(3,348,669)**	624,488
Accretion expense	**(1,799,157)**	(856,780)
Net unrealized gain (loss) on fair value changes on financial assets at FVPL	**(394,344)**	449,547
Miscellaneous income (charges)	**3,741,940**	2,645,642
	32,918,932	(21,350,714)
INCOME BEFORE INCOME TAX	**353,197,740**	280,171,286
PROVISION FOR (BENEFIT FROM) INCOME TAX	**13,528,519**	27,698,829
NET INCOME	**₱339,669,221**	₱252,472,457
NET INCOME ATTRIBUTABLE TO:		
Equity Holders of the Parent Company	**172,611,440**	176,957,400
Noncontrolling interest - IS	**167,057,781**	75,515,057
NET INCOME	**₱339,669,221**	₱252,472,457
EARNINGS PER SHARE FOR NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY- BASIC AND DILUTED	**0.3035**	**0.3112**

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Philippine Peso)

	31-Mar-23	31-Mar-22
NET INCOME	**₱339,669,221**	₱252,472,457
OTHER COMPREHENSIVE INCOME (LOSS)		
Item to be reclassified to profit or loss in subsequent periods		
Movements in cumulative translation adjustment - net of tax	**-**	-
Item not to be reclassified to profit or loss in subsequent periods		
Remeasurement gains on net accrued retirement liability - net of tax	**-**	-
Share in other comprehensive income of a joint venture	**-**	-
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**-**	-
TOTAL COMPREHENSIVE INCOME	**339,669,221**	252,472,457
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTATBLE TO:		
Equity Holders of the Parent Company	**172,611,440**	176,957,400
Noncontrolling interest - IS	**167,057,781**	75,515,057
TOTAL COMPREHENSIVE INCOME	**339,669,221**	252,472,457

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Philippine Peso)

		Unaudited	Unaudited	Audited
		31-Mar-23	**31-Mar-22**	**31-Dec-22**
CAPITAL STOCK				
Authorized capital	700,000,000			
Issued and outstanding				
Balance beginning of year	568,711,842	568,711,842	568,711,842	568,711,842
Total issued and outstanding	568,711,842			
		568,711,842	**568,711,842**	**568,711,842**
ADDITIONAL PAID-IN CAPITAL				
Balance beginning of year		2,156,679,049	2,156,679,049	2,156,679,049
Additions during the period		-	-	-
		2,156,679,049	**2,156,679,049**	**2,156,679,049**
UNAPPROPRIATED RETAINED EARNINGS				
Balance at beginning of year		3,182,613,298	2,662,525,652	2,662,525,652
Dividend declaration		-	-	(28,435,592)
Net Income		172,611,440	176,957,400	548,523,238
		3,355,224,738	**2,839,483,052**	**3,182,613,298**
REMEASUREMENT OF NET ACCRUED RETIREMENT LIABILITY				
Balance at beginning of year		4,104,237	(4,570,913)	(4,570,914)
Remeasurement gain (loss) on accrued retirement liability		-	-	8,675,151
		4,104,237	**(4,570,913)**	**4,104,237**
SHARE IN OCI OF A JOINT VENTURE				
Balance at beginning of year		(78,815)	(617,375)	(617,375)
Share in other comprehensive income of a Joint Venture		-	160,648	538,560
		(78,815)	**(456,727)**	**(78,815)**
CUMULATIVE TRANSLATION ADJUSTMENT				
Balance at beginning of year		114,499,681	114,499,681	114,499,681
Movement of cumulative translation adjustment		-	-	-
		114,499,681	**114,499,681**	**114,499,681**
PARENT'S OTHER EQUITY RESERVES				
Balance at beginning of year		736,716,986	80,049,238	80,049,238
Change in ownership without loss of control		440,357,171	-	656,667,748
PARENT'S OTHER EQUITY RESERVES		**1,177,074,157**	**80,049,238**	**736,716,986**
TOTAL EQUITY ATTRIBUTED TO EQUITY HOLDERS OF PARENT		**7,376,214,889**	**5,754,395,222**	**6,763,246,278**
NONCONTROLLING INTEREST				
Balance at beginning of year		3,963,021,100	2,736,537,487	2,736,537,487
Net income		167,057,781	75,515,057	314,553,781
Increase in non-controlling interests - stock issuances		1,634,762,579	-	1,690,181,478
Change in ownership without loss of control		(440,357,171)	-	(656,667,748)
Remeasurement loss on defined benefit obligation		-	17,850	993,510
Share in other comprehensive income of a Joint Venture		-	-	222,592
Cash dividends		-	-	(122,800,000)
		5,324,484,289	**2,812,070,394**	**3,963,021,100**
DEPOSIT FOR FUTURE STOCK SUBSCRIPTION				
Balance at beginning of year		1,651,055,000	-	-
Deposit for stock subscription		-	-	1,651,055,000
Conversion of Deposit to Capital Stock and APIC		(1,651,055,000)		
		-	**-**	**1,651,055,000**
TOTAL EQUITY		**12,700,699,178**	**8,566,465,616**	**12,377,322,378**

PETROENERGY RESOURCES CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF CASHFLOWS

(Amounts in Philippine Peso)

	Unaudited	Unaudited	Audited
	31-Mar-23	31-Mar-22	31-Dec-22
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**353,197,740**	280,171,286	901,669,911
Adjustments for:			
Interest expense	**68,364,221**	76,806,425	292,324,806
Depletion, depreciation and amortization	**147,576,071**	137,593,760	551,078,397
Impairment loss (reversal)	**-**	-	(11,299,369)
Share in net income (loss) of joint venture	**(52,894,321)**	(49,822,320)	(81,512,921)
Net unrealized foreign exchange loss (gain)	**3,348,669**	(624,488)	(2,663,406)
Provision for probable losses	-	-	6,105,757
Accretion expense	**1,799,157**	856,780	3,622,334
Dividend income	**(12,300)**	-	(79,047)
Gain on sale of property, plant and equipment	**-**	(2,679)	(337,611)
Gain on change in estimate of ARO	**-**	-	(1,232,259)
Net loss (gain) on fair value changes on financial assets at fair value through profit or loss	**394,344**	(449,547)	47,138
Interest income	**(50,189,062)**	(2,770,494)	(51,154,475)
Movement in accrued retirement liability	**-**	-	(4,343,624)
Operating income before working capital changes	**471,584,519**	441,758,723	1,602,225,631
Decrease (increase) in:			
Receivables	**(37,266,684)**	(79,645,686)	(37,465,978)
Contract Assets	**-**	-	(74,120,369)
Input VAT	**(2,890,252)**	(2,501,612)	(2,507,220)
Other current assets	**(1,558,072,082)**	(289,988,989)	(747,059,803)
Increase in Accounts payable and accrued expenses	**(39,154,305)**	81,070,890	153,102,244
Cash generated from (used in) operations	**(1,165,798,804)**	150,693,326	894,174,505
Interest received	**29,893,851**	2,490,567	28,340,045
Income taxes paid, including movement in CWT	**(621,883)**	(9,592,169)	(51,390,749)
Net cash provided by (used in) operating activities	**(1,136,526,836)**	143,591,724	871,123,801
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for:			
Acquisitions of property, plant and equipment	**(99,966,338)**	(29,107,341)	(659,351,144)
Deferred oil exploration costs	**(44,068,107)**	(100,910,426)	(208,597,575)
Acquisitions of intangibles	**-**	-	(8,704,649)
Advances to contractors	**-**	-	(45,777,526)
(Increase)/decrease in deferred development costs	**(45,544,265)**	-	(74,301,563)
disposals of property, plant and equipment	**-**	-	1,110,936
Dividends received	**12,300**	-	79,047
(Increase)/decrease in Other noncurrent assets	**(24,352,253)**	(29,220,263)	(61,405,058)
Net cash used in investing activities	**(260,603,058)**	(159,238,030)	(1,056,947,532)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availments of loans	**129,880,000**	-	561,000,000
Issuance of stocks to NCI	**1,634,762,579**	-	1,693,681,477
Payments of:			
Loans	**(285,400,000)**	-	(1,155,920,789)
Interest	**(67,934,291)**	(20,064,077)	(291,405,251)
Dividends to Non-Controlling Interest	**-**	-	(122,800,000)
Lease liabilities	**(911,070)**	(911,070)	(37,490,050)
Dividends by the Parent Company	**-**		(28,435,593)
Increase in other noncurrent liabilities	**1,164,603**	6,195,697	-
Net cash provided by financing activities	**1,411,561,821**	(14,779,450)	618,629,794
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(4,607,778)**	2,060,576	2,663,420
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**9,824,149**	(28,365,180)	435,469,483
CASH AND CASH EQUIVALENTS, BEGINNING	**1,677,231,584**	1,241,762,101	1,241,762,101
CASH AND CASH EQUIVALENTS, END	**1,687,055,733**	1,213,396,921	1,677,231,584

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

a. Organization
PetroEnergy Resources Corporation ("PERC" or "PetroEnergy" or the "Parent Company") is a publicly-listed domestic corporation. Its registered office and principal place of business is 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City.

PERC was organized on September 29, 1994 as Petrotech Consultants, Inc. to provide specialized technical services to its then parent company, Petrofields Corporation, and to companies exploring for oil in the Philippines.

In 1997, PERC simultaneously adopted its present name and changed its primary purpose to oil exploration and development and mining activities. Subsequently in 1999, PERC assumed Petrofields' oil exploration contracts in the Philippines and the Production Sharing Contract covering the Etame discovery block in Gabon, West Africa.

On August 11, 2004, PERC's shares of stock were listed at the Philippine Stock Exchange (PSE) by way of introduction.

In 2009, following the enactment of Republic Act No. 9513, otherwise known as the "Renewable Energy Act of 2008" (RE Law), PERC amended its articles of incorporation to include among its purposes the business of generating power from renewable sources such as, but not limited to, biomass, hydro, solar, wind, geothermal, ocean and such other renewable sources of power.

On March 31, 2010, PERC incorporated PetroGreen Energy Corporation ("PetroGreen" or "PGEC"), its 67.5%-owned subsidiary (76.92%-owned in 2022), to act as its renewable energy arm and holding company. PGEC ventured into renewable energy development and power generation through its subsidiaries and affiliate: (a) Maibarara Geothermal, Inc. ("MGI", 65%-owned) - owner and Renewable Energy (RE) developer of the 20 MW Maibarara Geothermal Power Project (MGPP-1) in Santo Tomas, Batangas and its expansion, the 12 MW MGPP-2; (b) PetroSolar Corporation ("PetroSolar", 56%-owned) - owner and RE developer of the 50 MW_{DC} Tarlac Solar Power Project (TSPP-1) in Tarlac City and its 20 MW_{DC} expansion (TSPP-2); and (c) PetroWind Energy, Inc. ("PetroWind", 40%-owned associate) - owner and developer of the 36 MW Nabas Wind Power Project (NWPP-1) in Nabas and Malay, Aklan.

MGI and PetroSolar are effectively indirect subsidiaries of PetroEnergy through PetroGreen. PetroGreen owns majority of the voting power of MGI and PetroSolar. PetroEnergy, PetroGreen, MGI and PetroSolar are collectively referred to as the "Group" and were incorporated in the Philippines.

b. Nature of Operations
The Group's two (2) main energy businesses are: (1) upstream oil exploration and development, and (2) power generation from renewable energy resources such as, (a) geothermal, (b) solar, and (c) wind, through the Group's affiliate, PetroWind.

Upstream Oil Exploration and Development
Petroleum production is on-going in the Etame (Gabon) concession, while the other petroleum concessions in the Philippines are still in the advanced exploration stages or pre-development stages.

Renewable Energy
Geothermal Energy
The geothermal projects are the 20 MW MGPP-1 in Sto. Tomas, Batangas that started commercial operations on February 8, 2014 and its expansion, the 12 MW MGPP-2 that started commercial operations on April 30, 2018.

Solar Energy
The Solar power projects are the 50 MWDC TSPP-1 in Tarlac City, Tarlac that started commercial operations on February 10, 2016 and its 20 MWDC expansion (TSPP-2) which has been commissioned and tested on April 22, 2019 and is now awaiting the issuance of Certificate of Compliance (COC) from the Energy Regulatory Commission (ERC).

Wind Energy
The wind energy project is the 36-MW NWPP-1 in Nabas, Aklan, where PetroWind has a wind farm. It started its commercial operations on June 10, 2015.

c. Approval of Consolidated Financial Statements
The accompanying unaudited consolidated interim financial statements as of and for the period ended March 31, 2023 were approved and authorized for issue by the Board of Directors (BOD).

2. Basis of Preparation

Basis of Preparation
The accompanying consolidated financial statements have been prepared under the historical cost basis, except for financial assets carried at fair value through profit or loss (FVTPL) which are measured at fair value, and crude oil inventory which is valued at net realizable value (NRV).

The financial statements are presented in Philippine Peso (PHP or ₱), which is the Parent Company's functional currency. All amounts are rounded to the nearest PHP unless otherwise stated.

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

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2022. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  Amendments to PFRS 9, Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities
- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

New Accounting Standards, Interpretations and Amendments Effective Subsequent to December 31, 2022
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to 2022 on the Group's financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

4. Summary of Significant Accounting Policies

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as at March 31, 2023, March 31, 2022 and December 31, 2022. The financial statements of the subsidiaries are prepared in the same reporting year as the Parent Company, using consistent accounting policies.

Below are the subsidiaries, which are all incorporated in the Philippines, with their respective percentage ownership as of March 31, 2023, March 31, 2022 and December 31, 2022:

	31-Mar-2023	31-Mar-2022	31-Dec-2022
PetroGreen	67.50%	90.00%	76.92%
Percentage share of PetroGreen in its subsidiaries:			
MGI	65.00%	65.00%	65.00%
PetroSolar	56.00%	56.00%	56.00%
Navy Road Development Corporation (NRDC) – dormant company	100.00%	100.00%	100.00%

Subsidiaries are entities controlled by PERC. PERC controls an investee if and only if PERC has:

a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
b) exposure, or rights, to variable returns from its involvement with the investee; and
c) the ability to use its power over the investee the amount of the investor's returns.

When PERC has less than a majority of the voting or similar rights of an investee, PERC considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments where necessary are made to ensure consistency with the policies adopted by the Group. All intra-group balances and transactions, intra-group profits and expenses and gains and losses are eliminated during consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests (NCI), the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in equity.

If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any NCI and the cumulative translation differences recorded in equity.
- recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in the consolidated statement of comprehensive income.
- reclassifies the parent's share of components previously recognized in other comprehensive income (OCI) to the consolidated statement of comprehensive income or retained earnings, as appropriate.

NCI are presented separately from the Parent Company's equity. The portion of profit or loss and net assets in subsidiaries not wholly owned are presented separately in the consolidated statement of comprehensive income and consolidated statement of changes in equity, and within equity in the consolidated statement of financial position.

Cash and Cash Equivalents

Cash includes cash on hand and in banks (demand deposits). Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the dates of acquisition and that are subject to an insignificant risk of change in value.

Short-term Investments

This pertains to interest bearing time deposits with terms of more than 3 months but not more than one year.

Restricted Cash

Restricted cash is recognized when the Group reserves a portion of its cash for a specific purpose such as to pay loan interest charges and loan principal amortization, and that there are contractual restrictions directly related to the use of and access of the bank accounts. This includes cash held under escrow accounts. Restricted cash that are expected to be used for a period of no more than 12 months after the financial reporting period are classified as current assets, otherwise, these are classified as noncurrent assets.

Financial Instruments

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

Financial assets - Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flow that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

- Financial assets at FVTPL

The Group has no financial asset classified as financial assets at FVOCI.

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective 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.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, short-term investments, receivables, restricted cash, and refundable deposits.

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

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

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

The Group's financial assets at FVTPL includes marketable equity securities and investment in golf club shares.

Impairment of financial assets
The Group recognizes an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

The Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities - Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, financial liabilities at amortized cost (loans and borrowings) or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include accounts payable and accrued expenses, excluding statutory liabilities, loans payable and lease liabilities. The Group does not have financial liabilities at FVTPL.

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

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

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial assets
A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Group has transferred its rights to receive cash flows from an asset 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 Group'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 Group could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is 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 profit or loss.

Offsetting of Financial Instruments
Financial assets and financial liabilities are set off and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

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

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

All assets and liabilities for which fair value is measured or disclosed in the 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 Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Crude Oil Inventory
Crude oil inventory is stated at NRV at the time of production. NRV is the estimated selling price less cost to sell. The estimated selling price is the market values of crude oil inventory at the time of production.

Other Current Assets
This account comprises supplies inventory, refundable deposit, prepayments and advances to suppliers.

Supplies inventory refers to parts purchased for used in operations. Supplies inventory are stated at the lower of cost or NRV. Cost is determined using the specific identification method. NRV is the current replacement cost of supplies inventory.

Prepayments are expenses paid in advance and recorded as asset before these are utilized. The prepaid expenses are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred. Prepayments that are expected to be realized for a period of no more than 12 months after the financial reporting period are classified as current assets, otherwise, these are classified as noncurrent assets.

Advances to suppliers are reclassified to the proper asset or expense account and deducted from the supplier's billings as specified in the provisions of the contract.

Property, Plant and Equipment

Property, plant and equipment, except for land, are stated at cost less accumulated depletion, depreciation and amortization and any accumulated impairment losses. Land is stated at cost less any accumulated impairment losses. The initial cost of the property, plant and equipment consists of its purchase price, including any import duties, taxes and any directly attributable costs of bringing the assets to its working condition and location for its intended use and abandonment costs.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to the consolidated statement of comprehensive income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation of an item of property, plant and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Wells, platforms and other facilities related to oil operations are depleted using the units-of-production method computed based on estimates of proved reserves. The depletion base includes the exploration and development cost of the producing oilfields.

Land improvements consist of betterments, site preparation and site improvements that ready land for its intended use. These include excavation, non-infrastructure utility installation, driveways, sidewalks, parking lots, and fences.

Property, plant and equipment are depreciated and amortized using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Power plant, FCRS and production wells	25
Office condominium units	15
Land improvements	5
Transportation equipment	4
Office improvements	3
Office furniture and other equipment	2 to 3

The useful lives and depletion, depreciation and amortization methods are reviewed periodically to ensure that the period and method of depletion, depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Construction in progress represents property, plant and equipment under construction and is stated at cost. This includes the cost of construction to include materials, labor, professional fees, borrowing costs and other directly attributable costs. Construction in progress is not depreciated until such time the construction is completed.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is credited or charged to current operations.

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

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Deferred Oil Exploration Costs
PERC follows the full cost method of accounting for exploration costs determined on the basis of each SC area. Under this method, all exploration costs relating to each SC are tentatively deferred pending determination of whether the area contains oil reserves in commercial quantities.

Deferred oil and gas exploration costs are assessed at each reporting period for possible indications of impairment. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case or is considered as areas permanently abandoned, the costs are written off through the consolidated statement of comprehensive income. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

The exploration costs relating to the SC where oil in commercial quantities are discovered are subsequently reclassified to “Wells, platforms and other facilities” shown under “Property and equipment” account in the consolidated statements of financial position upon substantial completion of the development stage.

Deferred Development Costs - Geothermal included in Other Noncurrent Assets
All costs incurred in the geological and geophysical activities such as costs of topographical, geological and geophysical studies, rights of access to properties to conduct those studies, salaries and other expenses of geologists, geophysical crews, or others conducting those studies are charged to profit or loss in the year such costs are incurred.

If the results of initial geological and geophysical activities reveal the presence of geothermal resource that will require further exploration and drilling, subsequent exploration and drilling costs are accumulated and deferred under the “Other noncurrent assets” account in the consolidated statement of financial position.

These costs include the following:

- costs associated with the construction of temporary facilities;
- costs of drilling exploratory and exploratory type stratigraphic test wells, pending determination of whether the wells can produce proved reserves; and

- costs of local administration, finance, general and security services, surface facilities and other local costs in preparing for and supporting the drill activities, etc. incurred during the drilling of exploratory wells.

If tests conducted on the drilled exploratory wells reveal that these wells cannot produce proved reserves, the capitalized costs are charged to expense except when management decides to use the unproductive wells for recycling or waste disposal.

Once the project's technical feasibility and commercial viability to produce proved reserves are established, the exploration and evaluation assets shall be reclassified to "Property, plant and equipment" and depreciated accordingly.

Deferred Development Costs - Solar Power Project included in Other Noncurrent Assets
These are costs incurred in the development of the solar plant expansion project. Costs are capitalized if the technological and economic feasibility is confirmed, usually when a project development has reached a defined milestone according to an established project management model. These costs include the following:

- costs incurred for the expansion of the solar plant project
- costs of administration, finance, general and security services and other costs attributed to the expansion of the project.

Deferred development costs of the Solar Power Project is recognized under "Other noncurrent assets" in the statement of financial position. Once the project's technical feasibility and commercial viability has been established, development costs shall be reclassified to "Property, plant and equipment" and depreciated accordingly.

Investment in a Joint Venture (JV)
A JV is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Investment in a JV is accounted for under the equity method of accounting.

Under the equity method, the investment in a JV is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the JV since the acquisition date.

The consolidated statement of comprehensive income reflects the Group's share of the financial performance of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the JV, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses from transactions between the Group and the JV are eliminated to the extent of the interest of the JV.

The aggregate of the Group's share in profit or loss of a JV is shown under "Other income (charges)" in the consolidated statement of comprehensive income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the JV.

The financial statements of the JV are prepared in the same reporting period of the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method for the investment in a JV, the Group determines whether it is necessary to recognize an impairment loss on its investment in a JV. At each reporting date, the Group determines whether there is objective evidence that the investment in JV is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the JV and its carrying value, then recognizes the loss in the consolidated statement of comprehensive income.

Upon loss of joint control over the JV, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income.

Contract Assets
A contract asset is recognized for the earned consideration for goods or services transferred to a customer before the customer pays or before payment is due. Contract assets are measured at the present value of future collections to be received over a period of time. Contract assets that are expected to be received within 12 months after the financial reporting period are classified as current assets, otherwise, these are classified as noncurrent assets.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets are amortized using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Land rights	25
Production license	10
Software license	1.5 to 3

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Investment Properties
Investment properties consist of land held for capital appreciation. Land is stated at cost less any impairment in value.

The initial cost of the investment properties comprises its purchase price and any directly attributable costs of bringing the asset to its working condition. Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance, are normally charged to expense in the year when costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of investment properties beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of investment properties.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

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

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

The Group recognized in relation to its interest in a joint operation its:
- assets, including its share of any assets held jointly
- liabilities, including its share of any liabilities incurred jointly
- revenue from the sale of its share of the output arising from the joint operation
- share of the revenue from the sale of the output by the joint operation
- expenses, including its share of any expenses incurred jointly

The Group accounts for the assets it controls and the liabilities it incurs, the expenses it incurs and the share of income that it earns from the sale of crude oil by the joint operations.

The Group's participating interest in the Etame block in Gabon, West Africa and participating interests in Philippine service contracts (SCs) are classified as joint operations.

Impairment of Nonfinancial Assets

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

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depletion, depreciation and amortization had no impairment loss been recognized for the asset in prior years.

Capital Stock and Additional Paid-in Capital

The Group records common stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity shares. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. When any member of the Group purchases the Group's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity.

Retained Earnings

Retained earnings represent the cumulative balance of consolidated net income, effects of changes in accounting policy and other capital adjustments, net of dividend declaration.

Cumulative Translation Adjustment

Cumulative translation adjustment represents the resulting exchange differences in the remeasurement of accounts due to change in functional currency.

Equity Reserve

Equity reserve is made up of equity transactions other than equity contributions such as gain or loss resulting from increase or decrease of ownership without loss of control.

Dividend Distribution
Cash dividends on capital stock are recognized as a liability prior to actual distribution and deducted from retained earnings when approved by the BOD.

Revenue Recognition
Revenue is recognized when the control of petroleum and electricity are transferred to the customer at an amount that reflects the consideration which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements.

Electricity sales
Revenues from sale of electricity using renewable energy is consummated and recognized over time whenever the electricity generated by the Group is transmitted through the transmission line designated by the buyer, for a consideration.

Oil revenues
Revenue from crude oil is recognized at a point in time when the control of the goods has transferred from the sellers (Consortium) to the buyer at the delivery point. Revenue is measured at the fair value of the consideration received.

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

Other Revenues
Revenues from passed on wheeling charges are consummated and recognized over time whenever the electricity generated by the Group is transmitted through MERALCO's distribution system, for a consideration. Revenues from pass-on Wholesale Electricity Spot Market (WESM) transactions are consummated and recognized over time whenever the electricity generated by the Group is traded through WESM, for a consideration.

Interest income
Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Dividend income
Dividend income is recognized according to the terms of the contract, or when the right to the payment has been established.

Share in Net Income of a Joint Venture
Share in net income of a joint venture represents the Group's share in profit or loss of its joint venture, PWEI.

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

Costs and Expenses
Cost of electricity sales
Costs of electricity sales pertain to direct costs in generating electricity power which include operating and maintenance costs (O&M) for power plant and fluid collection and reinjection system (FCRS), depreciation and other costs directly attributed to producing electricity.

Oil production
Oil production are costs incurred to produce and deliver crude oil inventory, including transportation, storage and loading, among others.

Change in crude oil inventory
Change in crude oil inventory pertains to the movement of beginning and ending crude oil inventory charged to cost of sales.

General and administrative expenses
General and administrative expenses constitute costs of administering the business.

Costs and expenses are recognized as incurred.

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

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

Deferred tax liabilities are recognized for all taxable temporary differences except to the extent that the deferred tax liabilities arise from the: a) initial recognition of goodwill; or b) the initial recognition of an asset or liability in a transaction which is not: i) a business combination; and ii) at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences with certain exceptions, and carryforward benefits of unused tax credits from excess 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 income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred tax assets, however, are not recognized when it arises from the: a) initial recognition of an asset or liability in a transaction that is not a business combination; and b) at the time of transaction, affects neither the accounting income nor taxable profit or loss.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date, and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered. The Group does not recognize deferred tax assets and deferred tax liabilities that will reverse during the income tax holiday (ITH).

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in profit or loss or other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Subsidiaries operating in the Philippines file income tax returns on an individual basis. Thus, the deferred tax assets and deferred tax liabilities are offset on a per entity basis.

Value-Added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position as part of “Other noncurrent assets” to the extent of the recoverable amount.

Leases
Group as a lessee
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use assets includes the amount of lease liability recognized, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

	Number of Years
Office space	2
Land	18 to 25

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies to the leases of low-value assets recognition exemption to leases that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Retirement Benefits
The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Asset Retirement Obligation (ARO)
The Group records present value of estimated costs of legal and constructive obligations required to restore the oilfields and plant sites upon termination of its operations. The nature of these restoration activities includes dismantling and removing structures, rehabilitating settling ponds, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is constructed or the ground or environment at the sites are disturbed. When the liability is initially recognized, the present value of the estimated cost is capitalized as part of the carrying amount of the ARO assets (included under "Property, plant and equipment") and ARO liability.

Liability and capitalized costs included in oil properties is equal to the present value of the Group's proportionate share in the total decommissioning costs of the consortium on initial recognition. Additional costs or changes in decommissioning costs are recognized as additions or charges to the corresponding assets and ARO when they occur.

For closed sites or areas, changes to estimated costs are recognized immediately in the consolidated statement of comprehensive income.

If the decrease in liability exceeds the carrying amount of the asset, the excess shall be recognized immediately in profit or loss.

For the oil operation, the Group depreciates ARO assets based on units-of-production method.

For the renewable energy, the Group depreciates ARO assets on a straight-line basis over the estimated useful life of the related asset or the service contract term, whichever is shorter, or written off as a result of impairment of the related asset.

The Group regularly assesses the provision for ARO and adjusts the related liability and asset.

Foreign Currency-Denominated Transactions and Translation
The consolidated financial statements are presented in PHP, which is the Parent Company's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency using the exchange rate at date of transaction. Monetary assets and liabilities denominated in foreign currencies are reinstated to the functional currency using the closing exchange rate at reporting date.

All exchange differences are taken to the consolidated statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Earnings Per Share
Basic earnings per share is computed on the basis of the weighted average number of shares outstanding during the year after giving retroactive effect to any stock split or stock dividends declared and stock rights exercised during the current year, if any.

Diluted earnings per share is computed on the basis of the weighted average number of shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the

products and services provided, with each segment representing a strategic business unit that offers different products and services, serves different markets subject to different risks and returns. Financial information on business segments is presented in Note 28 to the consolidated financial statements.

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

Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the financial statements. They 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 are 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 consolidated financial statements.

5. Significant Accounting Judgments, Estimates and Assumptions

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

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

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

Determination of Functional Currency
The Parent Company determines its functional currency based on economic substance of underlying circumstances relevant to the Parent Company. The functional currency has been determined to be the PHP based on the economic substance of the Parent Company’s business circumstances.

Capitalization of Deferred Oil Exploration Costs and Deferred Development Costs
Initial capitalization of costs is based on management’s judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. If the conditions for asset capitalization of development costs are not met, then such costs are expensed outright.

As of March 31, 2023 and December 31, 2022, the carrying value of deferred oil explorations costs amounted to ₱355.95 million and ₱311.88 million, respectively (see Note 12), and the Group's deferred development costs amounted to ₱119.66 and ₱74.12 million as of March 31, 2023 and December 31, 2022, respectively (see Note 16).

Classification of Joint Arrangements
Judgment is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group assesses their rights and obligations arising from the arrangement and specifically considers:

- the structure of the joint arrangement – whether it is structured through a separate vehicle
- when the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
  - the legal form of the separate vehicle
  - the terms of the contractual arrangement
  - other facts and circumstances, considered on a case to case basis

This assessment often requires significant judgment. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting of the investment.

The Group's investment in PetroWind and Buhawind Energy are structured in a separate incorporated entity. The Group and the parties to the agreement only have the right to the net assets of the joint venture through the terms of the contractual arrangement. Accordingly, the joint arrangement is classified as a joint venture. As of March 31, 2023 and December 31, 2022, the Group's investment in a joint venture amounted to ₱1.93 billion and ₱1.88 billion, respectively (see Note 13).

The Group and the parties to the agreement in investment in Gabon, West Africa and investments in petroleum concessions in the Philippines have joint control over its rights to the assets and obligations for the liabilities, relating to the arrangement. Accordingly, the joint arrangements are classified as joint operations (see Notes 11 and 12).

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

Estimation of Geothermal Field Reserves
The Group performed volumetric reserve estimation to determine the reserves of the Maibarara geothermal field. As a requirement for project financing, the Group engaged at its own cost the New Zealand firm Sinclair Knight Merz (SKM) in 2011 to undertake a comprehensive third-party technical review of the Maibarara geothermal field. This review included analysis of the resource assessment performed in-house by the Group as well as a separate SKM reserve estimation and numerical modeling of the Maibarara reserves.

The Group's simulation indicated a mean (P50) proven reserves of 27.8 MW for 25 years. In contrast, SKM calculated the P50 reserves at 44 MW. At 90% probability (P90), the reserves calculated are 28 MW and 12 MW by SKM and the Group, respectively. SKM concluded that the approach taken by the Group is conservative as it limits reservoir thickness to depths where a maximum thickness of 280°C will be encountered although the measured temperature reached as high as 324°C. There is reasonable confidence that the 20 MW (gross) plant development is feasible as the P90 level appears also conservative as with the Group's approach. In addition, SKM identified indicated reserves, translating to 10 MW-26 MW in the area south of and outside the current area of development.

Also, there is a likely geothermal potential south of the proven area where two old wells were drilled and encountered high fluid temperatures (T ~ 300°C). MGI identified the southern block as a probable reserve area. SKM in 2011 suggested that the southern block can be classified as Indicated Resource based on the Australian Code as high temperatures have been intersected by the two wells. SKM estimated that the stored heat in the Southern Block has a resource potential equivalent to 12 MW for a project life of 25 years.

An updated reserves estimation using the stored-heat calculation was made in 2015 by the Group as a result of reservoir and production performance and the 2014 drilling campaign. The 2014 drilling proved that the current resource area can produce around 33.1 MW, more than enough to meet the steam requirement of the existing 20 MW power plant plus the 12 MW expansion power plant. Using Monte Carlo simulation to estimate the reserves, the proven resource area has an 80% probability of delivering between 18.1 MW to 50.9 MW over a 25-year operating period. This Monte Carlo simulation also showed that the expected mean reserve for the proven resource area is 30.4 MW for 25 years.

The Group engaged a U.S. firm Geothermal Science, Inc. (GSI) in 2015 to perform a third-party technical appraisal of the resource for the planned 12 MW expansion. This third-party review was also made as a requirement for the project financing of MGPP-2 or M2. GSI adopted the technique from the US Geological Survey Circular 790 in making the probabilistic calculation of the geothermal reserves at Maibarara. Based on this approach, GSI estimates that Maibarara has a minimum or proven reserves of 40.2 MW, P90 for 25 years plant life and Most Likely Reserve of 61.6 MW, P50 for 25 years of plant life.

The Group commenced producing power commercially last February 8, 2014. To date, the current production wells of M1 and M2 are capable of producing 41.4 MW at full-bore capacity. These production wells including the complement reinjection wells are concentrated on the proven resource area.

As of March 31, 2023 and December 31, 2022, there has been no significant change in the estimated reserves that would affect the carrying value and useful life of the Group's property, plant and equipment.

Estimation of Proved and Probable Oil Reserves
The Parent Company assesses its estimate of proved and probable reserves on an annual basis. The estimate is based on the technical assumptions and is calculated in accordance with accepted volumetric methods, specifically the probabilistic method of estimation. Probabilistic method uses known geological, engineering and economic data to generate a range of estimates and their associated probabilities.

All proved and probable reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. Estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. Estimated oil reserves are utilized in the impairment testing and the calculation of depletion expense using the unit of production method of the investments.

As of March 31, 2023 and December 31, 2022, the carrying value of "Wells, Platforms and other Facilities" under "Property, Plant and Equipment" amounted to ₱739.04 million and ₱763.83 million, respectively (see Note 11).

Estimation of Useful Lives of Property, Plant and Equipment
The Group reviews on an annual basis the estimated useful lives of property, plant and equipment based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depletion, depreciation and amortization expense and decrease noncurrent assets.

There is no change in the estimated useful lives of property, plant and equipment as of March 31, 2023 and December 31, 2022 (see Note 11).

Impairment of Nonfinancial Assets
The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost of disposal and its value in use.

Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources,* are as follows:

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

The related balances of the Group's nonfinancial assets as of March 31, 2023 and December 31, 2022 follow:

	Unaudited	Audited
	31-Mar-2023	31-Dec-2022
Property, plant and equipment (Note 11)	**₱8,158,422,721**	₱8,196,897,057
Right-of-use assets (Note 14)	**340,580,472**	342,614,655
Deferred oil exploration costs (Note 12)	**355,951,118**	311,883,011
Intangible assets (Note 16)	**137,019,385**	140,262,493
Deferred development costs (Note 16)	**119,659,349**	74,115,084
Investment properties (Note 15)	**1,611,533**	1,611,533
	₱9,113,244,578	₱9,067,383,833

There are no indicators of impairment that would trigger impairment review in March 31, 2023 and December 31, 2022 other than those mentioned below.

<u>Gabon, West Africa</u>
The Parent Company believes that the fluctuation in crude oil prices in the market, political risks in Gabon, discount rates and changes in other assumptions such as change in production profile which is

based on continued production until the term of the existing PSC are indicators that the assets might be impaired or if there is reversal of prior impairment loss.

In 2018, the Gabonese Government allowed the sixth amendment to the Exploration Production Sharing Contract ("EPSC") that extends the exploitation period for the production licenses by ten (10) years, or from September 2018 until September 2028, extendible by five (5) years and by a final extension of 5 more years. The extension of the EPSC will allow the consortium to maximize the use of the existing facilities that are already in place to increase or maintain production until the field's extended life (see Note 11).

<u>SC 14-C2 – West Linapacan</u>
SC 14-C2 has not yet expired and was granted with a 15-year extension of the SC as approved by the DOE from December 18, 2010 to December 18, 2025. The SC 14-C2 consortium proceeded with a third-party technical evaluation to assess potential production opportunities. With the SC nearing its expiration in December 2025, the assets were tested for impairment.

<u>Impairment loss (reversal)</u>
In assessing whether impairment is required, the carrying value of the asset is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Given the nature of the Parent Company's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, unless indicated otherwise, the recoverable amount used in assessing the impairment loss is value in use.

The Parent Company estimates value in use using a discounted cash flow model using a discount rate of 14.64% in 2022.

The Parent Company recognized impairment (reversal of impairment) loss for the years ended December 31, 2022 and 2021 (nil in March 31, 2023) presented on a net basis:

Wells, platforms and other facilities – net (Note 11)	**(₱11,893,541)**
Deferred oil exploration costs – net (Note 12)	**594,172**
	(₱11,299,369)

Estimation of Asset Retirement Obligations
The Group has various legal obligation to decommission or dismantle its assets related to the oil production, geothermal energy project and solar power project at the end of each respective service contract. In determining the amount of provisions for restoration costs, assumptions and estimates are required in relation to the expected costs to restore sites and infrastructure when such obligation exists. The Group recognizes the present value of the obligation to dismantle and capitalizes the present value of this cost as part of the balance of the related property, plant and equipment, which are being depreciated and amortized on a straight-line basis over the useful life of the related assets (for the renewable energy) and based on units-of-production method based on estimates of proved reserves (for the oil operations).

Cost estimates expressed at projected price levels until dismantling date are discounted using rates ranging from 7.13% to 7.16% in 2022 to take into account the timing of payments. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with charges being recognized as accretion expense (see Note 19).

Changes in the asset retirement obligation that result from a change in the current best estimate of cash flow required to settle the obligation or a change in the discount rate are added to (or deducted from) the amount recognized as the related asset and the periodic unwinding of the discount on the liability is recognized in profit or loss as it occurs.

While the Group has made its best estimate in establishing the asset retirement obligation, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning activities, the ultimate provision requirements could either increase or decrease significantly from the Group's current estimates. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Asset retirement obligation as of March 31, 2023 and December 31, 2022 follows (see Note 19):

	Unaudited	Audited
	31-Mar-23	31-Dec-22
Oil production	**₱41,831,635**	₱41,728,602
Geothermal energy project	**7,641,206**	7,509,078
Solar power project	**17,297,537**	16,992,650
	₱66,770,378	₱66,230,330

Recoverability of input VAT
The Group maintains an allowance for input VAT based on an assessment of the recoverability of these assets using the historical success rate of VAT refunded from the Bureau of Internal Revenue (BIR). A review is made by the Group on a continuing basis annually to determine the adequacy of the allowance for losses. Allowance for probable losses as of March 31, 2023 and December 31, 2022 amounted to ₱10.39 million. The carrying value of input VAT amounted to ₱141.21 million and ₱ 138.32 million as of March 31, 2023 and December 31, 2022, respectively (see Note 16).

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

As of March 31, 2023 and December 31, 2022, the Group did not recognize deferred tax assets on certain temporary differences, NOLCO and MCIT as the Group believes that it may not be probable that sufficient taxable income will be available in the near foreseeable future against which the tax benefits can be realized prior to their expiration.

6. Cash and Cash Equivalents and Short-term Investments

	Unaudited	Audited
	31-Mar-23	31-Dec-22
Cash on hand and in banks	**₱661,700,850**	₱434,700,436
Cash equivalents	**1,025,354,883**	1,242,531,148
Cash and Cash Equivalents	**1,687,055,733**	1,677,231,584
Short-term investments	**₱2,575,286,425**	₱946,044,355

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates.

As of March 30, 2023 and December 31, 2022, the Group has ₱2.575 billion and ₱946.04 million short-term investments with periods of more than three months but less than one year, respectively.

Interest income earned on cash and cash equivalents and short-term investments amounted to ₱48.06 million, ₱36.29 million as of March 31, 2023 and December 31, 2022, respectively.

7. **Restricted Cash**

	Unaudited	Audited
	31-Mar-23	31-Dec-22
Debt service payment and reserve accounts	**₱335,589,896**	**₱413,219,105**
Cash held under escrow for stock subscription	**–**	**1,629,242,070**
Share in Etame escrow fund – current portion	**–**	**20,926,811**
	₱335,589,896	**₱2,063,387,986**

Debt service payment and reserve accounts
This refers to the amount of fund that the Group is required to maintain in the Debt Service Payment Account (DSPA) and Debt Service Reserve Account (DSRA) pursuant to the Project Loan Facility Agreement (PLFA) of MGI and Omnibus Loan and Security Agreement (OLSA) of PetroSolar, respectively (see Note 18). The funds maintained in these accounts are used to pay the forthcoming debt service scheduled every year until the loan is fully paid off. Under the PLFA/OLSA, where the banks are one of the parties, the banks shall have the exclusive control over and exclusive right of withdrawal from the restricted cash accounts.

Cash held under escrow for stock subscription
This represents the remaining funds held under escrow related to the Share Subscription Agreement between PetroGreen and Kyuden International Corporation (Kyuden), which was fully released from the escrow fund in January 2023. Interest income earned on restricted cash amounts to nil and ₱7.6 million as of March 31, 2023 and December 31, 2022.

Share in Etame escrow fund – current portion
This represents Parent Company's share in the current portion of the Abandonment Fund related to FPSO decommissioning and Etame Field Asset Retirement Obligations. These funds were released from the escrow account in February 2023.

8. **Receivables**

	Unaudited	Audited
	31-Mar-23	31-Dec-22
Accounts receivable from:		
Feed-in-Tariff (FiT) revenue from National Transmission Corporation (TransCo)	**₱203,377,877**	106,169,169
Electricity sales and other charges to ACEN (formerly PHINMA) [Note 26]	**158,029,554**	₱162,536,100
Electricity sales to Wholesale Electricity Spot Market (WESM) and Other Contracts	**24,275,452**	92,541,594
PHESCO, Incorporated (PHESCO)	**15,245,231**	15,245,231
Affiliate (Note 26)	**8,764,382**	6,232,978
Consortium operator	**2,682,452**	40,550,770
Others	**2,563,790**	4,585,274

	Unaudited	Audited
	31-Mar-23	31-Dec-22
Interest receivables	**43,782,947**	23,487,736
Other receivables	**3,526,249**	3,526,249
	462,247,934	454,875,101
Less allowance for impairment losses	**2,682,452**	2,682,452
	₱459,565,482	₱452,192,649

Accounts receivables are generally on 30 days credit term. Interest income earned from the delayed payment of FiT differential and other receivable amounted to ₱0.06 million and ₱0.45 million as of March 31, 2023 and December 31, 2022.

9. **Financial Assets at Fair Value Through Profit or Loss**

	Unaudited	Audited
	31-Mar-23	31-Dec-22
Marketable equity securities	**₱6,375,746**	₱6,770,090
Investment in golf club shares	**770,000**	770,000
	₱7,145,746	₱7,540,090

Net gain (loss) on fair value changes on financial assets at FVTPL included in profit or loss amounted to (₱0.39 million) and (₱0.05 million) as of March 31,2023 and December 31, 2022, respectively. Dividend income received from equity securities amounted to ₱.01 million and ₱0.08 million as of March 31, 2023 and December 31, 2022, respectively (see Note 25).

10. **Other Current Assets**

	Unaudited	Audited
	31-Mar-23	31-Dec-22
Supplies inventory	**₱103,168,140**	₱116,790,791
Prepaid expenses	**69,252,582**	27,199,944
Prepaid income taxes	**14,419,379**	11,068,121
Advances to suppliers	**18,541,308**	8,004,724
Others	**3,794,570**	2,216,223
	₱209,175,979	₱165,279,803

Supplies Inventory
Supplies inventory refers to purchased supplies and parts that are intended to be used for operations and maintenance.

Prepaid Expenses
Prepaid expenses include various prepaid insurances, services and rent. Prepaid expenses also include advance payment for Real Property Taxes (RPT), Stand-by Letter of Credit (SBLC) charges and operations and maintenance professional fees.

11. Property, Plant and Equipment

	Unaudited 31-Mar-23								
	Power plants	FCRS and production wells – geothermal	Wells, platforms and other facilities	Land and land improvements	Office condominium units and improvements	Transportation equipment	Office furniture and other equipment	Construction in progress	Total
Cost									
Balances at beginning of year	**₱7,353,955,059**	**₱1,979,689,474**	**₱2,400,854,155**	**₱387,043,899**	**₱42,547,992**	**₱76,958,664**	**₱173,541,036**	**₱217,311,973**	**₱12,631,902,252**
Additions	**5,859,611**	**35,036,225**	**1,069,717**	**94,157**	**424,300**	**-**	**3,520,842**	**53,961,486**	**99,966,338**
Change in ARO estimate (Note 19)	–	–	–	–	–	–	–	–	–
Disposal	–	–	–	–	–	–	–	–	–
Reclassifications	**3,418,275**	–	–	–	–	–	–	**(3,418,275)**	–
Balances at end of year	**7,363,232,945**	**2,014,725,699**	**2,401,923,872**	**387,138,056**	**42,972,292**	**76,958,664**	**177,061,878**	**267,855,184**	**12,731,868,590**
Accumulated depletion and depreciation									
Balances at beginning of year	**2,040,397,532**	**477,572,498**	**1,467,772,639**	**41,650,521**	**41,172,900**	**48,337,063**	**148,849,441**	–	**4,265,752,594**
Depletion and depreciation	**82,050,979**	**20,442,183**	**25,859,680**	**4,738,900**	**143,666**	**2,120,117**	**3,085,149**	**-**	**138,440,674**
Disposals	–	–	–	–	–	–	–	–	–
Balances at end of year	**2,122,448,511**	**498,014,681**	**1,493,632,319**	**46,389,421**	**41,316,566**	**50,457,180**	**151,934,590**	**-**	**4,404,193,268**
Accumulated impairment losses									
Balances at beginning of year	–	–	**169,252,601**	–	–	–	–	–	**169,252,601**
Impairment loss-net (Note 5)	–	–	–	–	–	–	–	–	–
Balances at end of year	–	–	**169,252,601**	–	–	–	–	–	**169,252,601**
Net book values	**₱5,240,784,434**	**₱1,516,711,018**	**₱739,038,952**	**₱340,748,635**	**₱1,655,726**	**₱26,501,484**	**₱25,127,288**	**₱267,855,184**	**₱8,158,422,721**

	Audited								
	31-Dec-2022								
	Power plants	FCRS and production wells – geothermal	Wells, platforms and other facilities	Land and land improvements	Office condominium units and improvements	Transportation equipment	Office furniture and other equipment	Construction in progress	Total
Cost									
Balances at beginning of year	₱7,266,699,681	₱1,617,441,653	₱2,222,351,170	₱380,583,987	₱41,590,986	₱55,638,192	₱164,394,339	₱169,850,551	₱11,918,550,559
Additions	11,781,744	93,661,764	207,643,523	5,349,116	957,006	22,876,865	9,146,697	399,988,315	751,405,030
Change in ARO estimate (Note 18)	(7,356,406)	–	(29,140,538)	–	–	–	–	–	(36,496,944)
Disposal	–	–	–	–	–	(1,556,393)	–	–	(1,556,393)
Reclassifications	82,830,040	268,586,057	–	1,110,796	–	–	–	(352,526,893)	–
Balances at end of year	7,353,955,059	1,979,689,474	2,400,854,155	387,043,899	42,547,992	76,958,664	173,541,036	217,311,973	12,631,902,252
Accumulated depletion and depreciation									
Balances at beginning of year	1,713,893,490	399,670,764	1,382,485,759	37,091,904	40,719,915	42,357,120	136,141,426	–	3,752,360,378
Depletion and depreciation	326,504,042	77,901,734	85,286,880	4,558,617	452,985	6,810,778	12,708,015	–	514,223,051
Disposals	–	–	–	–	–	(830,835)	–	–	(830,835)
Balances at end of year	2,040,397,532	477,572,498	1,467,772,639	41,650,521	41,172,900	48,337,063	148,849,441	–	4,265,752,594
Accumulated impairment losses									
Balances at beginning of year	–	–	181,146,142	–	–	–	–	–	181,146,142
Impairment loss-net (Note 5)	–	–	(11,893,541)	–	–	–	–	–	(11,893,541)
Balances at end of year	–	–	169,252,601	–	–	–	–	–	169,252,601
Net book values	₱5,313,557,527	₱1,502,116,976	₱763,828,915	₱345,393,378	₱1,375,092	₱28,621,601	₱24,691,595	₱217,311,973	₱8,196,897,057

Power plants represent MGI's geothermal power plant and PetroSolar's photovoltaic plant.

The MGI's construction of the 70/77 MVA Substation started in January 2020 and construction in progress account as of December 31, 2022 mainly includes civil structural, piping and mechanical works for M2, interconnection of MGPP to NGCP 69kV distribution line, design, facilities study and construction of 70/77 MVA MGI Substation related to MGPP-1&2 and Torishima engine driven pump.

Change in ARO estimate and transfers from advances to contractors, deferred oil exploration costs and development costs are considered as noncash investing activities.

Depletion of wells, platforms and other facilities is presented as a separate item under cost of sales in the consolidated statements of comprehensive income.

As of March 31, 2023 and December 31, 2022, the participating interest of PERC in various service contracts areas are as follows:

Gabonese Oil Concessions	2.525%
SC 14-C2 – West Linapacan	4.137%

12. Deferred Oil Exploration Costs

The movements in deferred oil exploration costs are as follows:

	Unaudited	Audited
	31-Mar-23	31-Dec-22
Cost		
Balances at beginning of year	**₱615,456,554**	₱418,786,296
Additions	**44,068,107**	196,670,258
Write-off / relinquishment (Note 5)	–	–
Balances at end of year	**659,524,661**	615,456,554
Accumulated impairment losses		
Balances at beginning of year	**303,573,543**	302,979,372
Impairment loss (reversal) (Note 5)	–	594,171
Balances at end of year	**303,573,543**	303,573,543
	₱355,951,118	₱311,883,011

Details of deferred oil exploration costs as of March 31, 2023 and December 31,2022 are as follows:

	Unaudited	Audited
	31-Mar-23	31-Dec-22
Cost		
Gabonese Oil Concessions (Note 11)	**₱591,248,303**	₱547,199,509
SC. No. 75 – Offshore Northwest Palawan	**65,175,859**	65,175,859
SC. No. 14 – C2 (West Linapacan) - Northwest Palawan (Note 11)	**3,100,499**	3,081,186
	659,524,661	615,456,554
Accumulated impairment losses		
Gabonese Oil Concessions (Note 11)	**300,492,357**	300,492,357
SC. No. 14 – C2 (West Linapacan) – Northwest Palawan (Note 11)	**3,081,186**	3,081,186
	303,573,543	303,573,543
	₱355,951,118	₱311,883,011

Philippine Oil Operations – Development Phase

Under the SCs entered into with the DOE covering certain petroleum contract areas in various locations in the Philippines, the participating oil companies (collectively known as "Contractors") are obliged to provide, at their sole risk, the services, technology and financing necessary in the performance of their obligations under these contracts. The Contractors are also obliged to spend specified amounts indicated in the contract in direct proportion to their work obligations.

However, if the Contractors fail to comply with their work obligations, they shall pay to the government the amount they should have spent, but did not, in direct proportion to their work obligations. The participating companies have Operating Agreements among themselves which govern their rights and obligations under these contracts.

The full recovery of these deferred costs is dependent upon the discovery of oil in commercial quantities from any of the petroleum concessions and the success of future development thereof.

As of March 31, 2023 and December 31, 2022, the remaining participating interest of the Parent Company in Petroleum SC areas is SC 75 – Offshore Northwest Palawan wherein the Parent Company has 15% interest.

13. Investments in Joint Venture

PetroWind Energy Inc.

The investment in joint venture mainly includes PetroGreen's 40% interest in PetroWind or PWEI, a company incorporated in the Philippines. The primary purpose of PetroWind is to carry on the general business of generating, transmitting and/or distributing power derived from renewable energy sources.

The movements in the carrying value of Investment in PetroWind as of March 31,2023 and December 31, 2022 follow:

	Unaudited	Audited
	31-Mar-23	31-Dec-22
Balance at beginning of year	**₱1,876,262,983**	₱1,734,947,347
Share in net income of a joint venture	**52,894,321**	81,512,921
Additional investment during the year	**3,900,000**	59,041,563
Share in other comprehensive income (loss)	**-**	761,152
Balance at end of year	**₱1,933,057,304**	₱1,876,262,983

The cost of the investment in PetroWind amounted to ₱639.92 million and ₱632.12 million as of March 31, 2023 and December 31, 2022, respectively.

The carrying value of the investment in PetroWind is equivalent to the Group's 40% share in PetroWind's equity, plus the fair value adjustment of ₱764.49 million recognized when the Group lost control over PetroWind in 2014.

BuhaWind Energy
In 2022, the Company made investments totalling ₱1.26 million in three newly incorporated special purpose vehicles namely: BuhaWind Energy Northern Luzon Corporation, BuhaWind Energy Northern Mindoro Corporation and BuhaWind Energy East Panay Corporation.

As of March 31, 2023 and December 31, 2022, these entities are still in the organization stage and have not yet started its operations.

14. Leases

The Group entered into lease contracts for office spaces and land used as geothermal field and photovoltaic (PV) solar power facility. The office space lease agreements are for a period of two (2) years and are renewable by mutual agreement of both parties.

The land lease agreement (LLA) with NPC and PSALM for the geothermal field in Sto. Tomas, Batangas has a lease term of twenty-five (25) years, extendable for another 25 years upon mutual agreement of both parties.

The two lease agreements with Luisita Industrial Park Corporation (LIPCO) for land used for the photovoltaic solar power facility in Ta rlac is for a period of 25 years, renewable by mutual agreement of both parties, generally under the same terms and conditions, with escalation clause of 3% every 2 years.

The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for all other leases, including leases of vehicles and parking slots.

The rollforward analyses of right-of-use assets follow:

	Unaudited		
	31-Mar-2023		
	Land	**Office Spaces**	**Total**
Cost			
Beginning balance	**₱420,180,224**	**₱12,748,688**	**₱432,928,912**
Additions		**3,861,156**	**3,861,156**
Ending balance	**420,180,224**	**16,609,844**	**436,790,068**
Accumulated depreciation			
Beginning balance	**80,487,446**	**9,826,811**	**90,314,257**
Depreciation (Notes 21 and 23)	**5,271,504**	**623,835**	**5,895,339**
Ending balance	**85,758,950**	**10,450,646**	**96,209,596**
Net Book Value	**₱334,421,274**	**₱6,159,198**	**₱340,580,472**

	Land	Office Spaces	Total
	Audited		
	31-Dec-2022		
Cost			
Beginning balance	₱420,180,224	₱9,736,694	₱429,916,918
Additions		3,011,994	3,011,994
Ending balance	420,180,224	12,748,688	432,928,912
Accumulated depreciation			
Beginning balance	60,342,680	6,328,880	66,671,560
Depreciation (Notes 21 and 23)	20,144,766	3,497,931	23,642,697
Ending balance	80,487,446	9,826,811	90,314,257
Net Book Value	₱339,692,778	₱2,921,877	₱342,614,655

The depreciation of the right-of-use of the lands in Tarlac and Batangas are presented as part of "Cost of electricity sales" while the depreciation of the right-of-use of office spaces are presented as part of "General and administrative expenses" in the consolidated statement of comprehensive income.

No lease liability was recognized for leases of land that have been prepaid. The rollforward analyses of lease liabilities are as follows:

	Unaudited	Audited
	31-Mar-23	31-Dec-22
Beginning balance	**₱328,794,340**	₱332,828,866
Payments	**(911,070)**	(37,490,050)
Interest expense	**7,515,254**	30,443,530
Additions	**3,861,156**	3,011,994
Ending balance	**339,259,680**	328,794,340
Less current portion	**29,506,086**	22,734,502
Noncurrent portion	**₱309,753,594**	₱306,059,838

15. **Investment Properties**

As of March 31, 2023 and December 31, 2023 this account consists of land and parking lot space (located in Tektite) with cost amounting to ₱1.61 million.

The fair value of the investment properties of the Group is between ₱1 million to ₱1.70 million as of March 31, 2023 and December 31, 2022. The Group determined the fair values of the Group's investment properties on the basis of recent sales of similar properties in the area where the investment in properties is located and taking into account the economic conditions prevailing at the time the valuations were made.

As of March 31, 2023 and December 31, 2022, the fair value of the investment properties is classified under the Level 3 category (see Note 22).

Except for insignificant amounts of real property taxes on the investment properties, no other expenses were incurred, and no income was earned in relation to the investment properties.

16. **Other Noncurrent Assets**

	Unaudited	Audited
	31-Mar-2023	31-Dec-2022
Input VAT	**₱152,189,834**	₱148,710,625
Intangible assets	**137,019,385**	140,262,493
Deferred development costs	**119,659,349**	74,115,084
Advances to contractors	**34,376,801**	45,777,526
Restricted cash	**35,762,733**	31,451,424
Others	**31,751,685**	25,956,475
	510,759,787	466,273,627
Less allowance for probable losses (Note 24)	**10,979,802**	10,390,845
	₱499,779,985	₱455,882,782

Provision for probable losses on input VAT amounted to ₱0.59 million and nil in March 31, 2023 and December 31, 2022, respectively.

Input VAT
Input VAT represents VAT passed on from purchases of goods and services that can be claimed against any future liability to the BIR for output VAT from sale of goods and services.

Input VAT also includes outstanding input VAT claims that were applied by MGI for refund with the BIR. As of March 31, 2023 and December 31, 2022, the outstanding input VAT claims which are still pending with the CTA and SC amounted to ₱123.74 million.

Intangible assets
Intangible assets pertain to land rights, which refer to grant of easement of right of way entered by PetroSolar to construct, operate, maintain, repair, replace and remove poles, wire, cables, apparatus, and equipment and such other apparatus and structures needed for the transmission line. This also includes production license and software for accounting and for geological interpretation of Gabon Etame oil fields.

Advances to contractors
Advances to contractors pertain to the downpayments to various contractors for procurement of materials, equipment and services.

Restricted cash
This pertains to the Parent Company's share in the non-current portion of escrow fund for the abandonment of the Etame Marine Permit.

Deferred development costs
These pertain to costs incurred in the exploration, development, production and expansion of renewable energy projects.

Others
Other noncurrent assets pertain to noncurrent portion of prepaid insurance, security deposits, advances to contractors and lot owners and balance of MERALCO account billing deposits.

17. **Accounts Payable and Accrued Expenses**

	Unaudited	Audited
	31-Mar-2023	31-Dec-2022
Accounts payable	**₱187,621,746**	₱263,327,290
Accrued expenses		
Utilities	**169,287,982**	167,881,381
Interest (Note 18)	**80,664,930**	32,622,802
Sick/vacation leaves	**15,859,483**	19,048,554
Profit share	**15,611,876**	15,611,876
Professional fees	**11,797,734**	14,511,222
Due to related party (Note 26)	**128,960**	565,760
Others	**9,115,124**	6,969,784
Withholding taxes and other tax payables	**9,101,489**	27,387,054
Due to NRDC	**2,269,737**	2,269,737
Others	**2,565,503**	1,267,746
	₱504,024,564	₱551,463,206

Accounts payable mainly consists of payable to suppliers and contractors that are currently involved in the development, construction and operations of energy projects. Accounts payable also includes unclaimed checks pertaining to dividends payable amounting to ₱10.96 million as of March 31, 2023 and December 31, 2022, respectively.

The Group's accounts payable and accrued expenses are due within one year.

18. **Loans Payable**

The Group's loans payable as of December 31 is as follows:

	Unaudited	Audited
	31-Mar-2023	31-Dec-2022
Principal, balance at beginning of year	**₱3,488,375,640**	₱4,083,296,429
Add availments during the year	**129,880,000**	561,000,000
Less principal payments during the year	**285,400,000**	1,155,920,789
Principal, balance at end of year	**3,332,855,640**	3,488,375,640
Less unamortized deferred financing cost	**9,414,975**	10,446,588
	3,323,440,665	3,477,929,052
Less current portion – net of unamortized deferred financing cost	**791,730,980**	947,144,643
Noncurrent portion	**₱2,531,709,685**	₱2,530,784,409

PetroEnergy's short-term loans payable
PetroEnergy entered into unsecured loan agreements to finance its investments in Renewable Energy Projects.

Omnibus Credit Line Agreement (OCLA) with the Development Bank of the Philippines (DBP)
On April 27, 2015, the Parent Company entered into an OCLA with DBP which provides a credit facility in the principal amount not exceeding ₱420.00 million. Effective January 19, 2021, the credit facility was decreased to ₱300.00 million. Loans payable to DBP are as follows:

As of March 31, 2023:
- ₱15.48 million with interest rate of 7.0% and maturity on May 26, 2023
- ₱80.00 million with interest rate of 7.0% and maturity on June 23, 2023

As of December 31, 2022:
- ₱63.00 million with interest rate of 5.8% and maturity on January 10, 2023
- ₱108.00 million with interest rate of 5.5% and maturity on January 26, 2023
- ₱80.00 million with interest rate of 5.8% and maturity on June 23, 2023

Short-term Loan with Rizal Commercial Banking Corporation (RCBC)
On November 15, 2021, PetroEnergy obtained a loan from RCBC amounting to ₱120.00 million with interest of 4.5% and maturity on May 4, 2022.

As of March 31, 2023 and December 31, 2022, the Company already paid the outstanding short-term loan from RCBC.

Interest expense related to these loans amounted to ₱2.68 million and ₱9.68 million, as of March 31, 2023 and December 31, 2022, respectively. Accrued interest payable amounted to ₱0.57 million and ₱0.56 million as of March 31, 2022 and December 31, 2022, respectively.

PetroGreen's long-term loans payable
Credit Line Facility with Chinabank
On November 17, 2015, PetroGreen entered into a 5-year credit line facility with Chinabank amounting to ₱500.00 million, subject to repricing on the third anniversary. On the same date, ₱400.00 million out of the total loan facility were drawn by PetroGreen. The loan has an annual interest rate of 5.24% and has no collateral.

The loan is payable every 17th of May and November beginning on May 2017. The agreement further specifies that 96.50% of the aggregate principal amount shall be paid on the due date of the loan.

On November 29, 2016, PetroGreen has drawn an additional ₱30.00 million out of the total loan facility. The additional loan from Chinabank has an annual interest rate of 5.33%.

On November 17, 2018, the ₱400.00 million and ₱30.00 million long-term loans payable with interest rate of 5.24% and 5.33%, respectively, were repriced to 8.28% and 8.47%.

In 2019, PetroGreen negotiated for the reduction in the interest rates of the aforementioned loans from 8.28% and 8.47% to 7.14% for both loans. The reduced interest rate was approved by the bank and made effective starting September 19, 2019. Finally, On November 17, 2020, PetroGreen fully paid the outstanding loans from ChinaBank.

Long-term loan with RCBC
On November 16, 2020, PetroGreen obtained a new long-term unsecured loan with RCBC amounting to ₱400.00 million. The loan bears interest at a fixed rate of 4.74% payable semi-annually. The principal amount is payable in five equal annual installments starting November 11, 2021.

As of March 31, 2023 and December 31, 2022, the outstanding balance of these above loans, net of unamortized deferred financing costs, amounted to ₱239.27 million and ₱239.16 million, respectively. Interest expense related to these loans amounted to ₱3.12 million and ₱16.24 million as of March 31, 2023 and December 31, 2022, respectively. Accrued interest payable amounted to ₱3.82 million and ₱ 1.27 million and ₱1.70 million as of March 31, 2023 and December 31, 2022, respectively.

MGI's long-term loans payable

Project Loan Facility Agreements with RCBC

On May 19, 2016, MGI, together with PetroGreen, PHINMA and PNOC RC executed the Project Loan Facility Agreement with RCBC for a ₱1,400.00 million project loan to finance the design, development and construction of MGPP-2 or M2.

On September 5, 2016, MGI, together with PetroGreen, PHINMA and PNOC RC executed another Project Loan Facility Agreement with RCBC for a ₱2,100.00 million project loan relating to design, development and construction of MGPP-1 or M1. This was done to consolidate the outstanding principal of the term loan under the 2011 OLSA with RCBC and BPI, incidental costs, general corporate expenditures and working capital requirement.

a. MGPP-1 or M1 new Loan

   The new MGPP-1 or M1 loan amounting to ₱2,100.00 million has a term of ten (10) years from the drawdown date of October 10, 2016. Interest and principal are payable semi-annually. Interest payment started on October 12, 2016, while the twenty (20) semi-annual principal payments started on April 12, 2017.

   Interest rate is fixed for the first five (5) years from drawdown date, based on the sum of the prevailing 5-year fixed benchmark rate on the pricing date and the margin of 1.75% (the "Initial Interest Rate"). On the repricing date, the interest for the remaining five (5)-year term of the loan will be the higher of (i) the sum of then prevailing 5-year fixed benchmark rate plus the margin of 1.75%, or (ii) the initial interest rate.

   As of March 31, 2023 and December 31, 2022, the outstanding balance of this loan amounted to ₱1,034.90. Interest expense on the new M1 Loan amounted to ₱16.03 million and ₱71.52 million as of March 31, 2023 and December 31, 2022, respectively.

b. MGPP-2 or M2 Expansion Loan

   The MGPP-2 or M2 Expansion Loan amounting to ₱1,400.00 million has a term of twelve (12) years including thirty-six (36) months grace period from initial drawdown date of June 2, 2016. Interest and principal are payable semi-annually. Interest payment started on October 12, 2016, while the eighteen (18) semi-annual principal payments started on October 12, 2019.

   Interest rate is fixed for the first seven (7) years from the initial drawdown date based on the sum of the prevailing 7-year fixed benchmark rate on the pricing date and the applicable margin of (1) 2.25% per annum prior to commercial operations date, or (2) 1.75% per annum from and after the Commercial Operations Date (the "Initial Interest Rate"). For subsequent drawdowns, interest rate will be the three (3) –day simple average interpolated rate based on the remaining tenor and computed using the straight-line method. On the repricing date, the interest for the remaining five (5)-year term of the loan will be the higher of (i) the sum of the then prevailing 5-Year fixed benchmark rate plus the applicable margin, or (ii) the weighted average interest rate during the first seven (7) years of the loan.

As of March 31, 2023 and December 31, 2022, the outstanding balance of this loan amounted to ₱ 943.84 million, respectively. Interest expense amounted to ₱14.20 million and ₱75.00 million as of March 31, 2023 and December 31, 2022, respectively.

Accrued interest payable of MGI's loans amounted to ₱48.64 million and ₱22.89 million as of March 31, 2023 and December 31, 2022, respectively.

The loan covenants covering the outstanding debt of MGI include among others, the following conditions: maintenance at all times of Debt-to-Equity (DE) Ratio of not greater than 70:30, Default Debt Service Coverage Ratio (DSCR) of at least 1.10x both until full payment of the Loans, and Dividend DSCR of at least 1.20x. MGI is also required to transfer to the DSPA equivalent to one-sixth (1/6) of the amount sufficient to pay for the forthcoming debt service scheduled in April and October of every year until the loan is fully paid off (see Note 9). As of March 31, 2023 and December 31, 2022, MGI has been compliant with the above conditions.

PetroSolar's long-term loans payable
On November 12, 2015, the PetroSolar, together with PetroGreen and EEIPC, as third party mortgagors and pledgors, entered into a ₱2,600.00 million OLSA with PNB and DBP specifically to partially finance the design, development, procurement, construction, operation and maintenance of its TSPP.

PetroSolar shall fully pay the loan for the pro-rata account of each lender within twelve (12) years from and after the date of the initial drawdown. Interest and principal are payable semi-annually. Interest payment started on May 27, 2016, while the twenty-two (22) semi-annual principal payments started on November 27, 2016.

The rate of the interest applicable to the facility or the relevant part thereof for each interest period shall be fixed for the first seven periods (7) from the initial drawdown date (the Initial Interest Rate). Prior to the FIT entitlement and collection of FIT revenues of the borrower, the rate shall be the higher of: (i) the aggregate of the seven (7) year PDST-R2 and the initial credit spread of 2.25%, or (ii) the minimum interest rate of 5.75%. Upon FIT entitlement of at least 40MW and collection of FIT revenues by the borrower equivalent to an aggregate of at least ₱473.00 million within a period not exceeding twelve (12) consecutive months, the rate shall be the higher of (i) the weighted average interest rate in previous drawdowns less the step down credit spread of 0.25%, or (ii) minimum interest rate, and which interest rate shall be applied beginning the following month immediately succeeding the month wherein the aforesaid FIT entitlement and FIT revenue collection thresholds were satisfied. PetroSolar met the criteria for FIT entitlement and aggregate collection of at least ₱473 million within 12 months which resulted in a lower interest rate effective July 2017. The applicable interest rate as of December 31, 2022 and 2021 is equal to 9.12% and 6.71%, respectively.

The loan covenants covering the outstanding debt of PetroSolar include among others, the maintenance of debt-to-equity ratio of 75:25 and establishment of DSPA required balance. As of March 31, 2023 and December 31, 2022, PetroSolar is in compliance with the said loan covenants.

As of March 31, 2023 and December 31, 2022, the outstanding balance of this loan amounted to ₱1,008.44 million and ₱1,007.42 million, respectively.

Interest expense of PetroSolar related to the loans amounted to ₱32.37 million and ₱89.81 million, as of March 31, 2023 and December 31, 2022, respectively. Accrued interest payable amounted to ₱27.63 million and ₱7.89 million as of March 31, 2023 and December 31, 2022, respectively.

PetroSolar mortgaged all of its property and equipment related to TSPP-1 as collateral in connection with the loan.

Deferred financing costs
Deferred financing costs are incidental costs incurred in obtaining the loan which includes documentary stamp tax, transfer tax, chattel mortgage, real estate mortgage, professional fees, arranger's fee and other costs directly attributable to obtaining the loan. The balance of unamortized deferred financing costs is presented as a deduction from the loans payable account and is amortized over the term of the loan using the effective interest rate method.

19. Asset Retirement Obligation

The Group has recognized its share in the abandonment costs associated with the Etame, Avouma and Ebouri oilfields located in Gabon, West Africa, geothermal field located in Sto. Tomas Batangas, and photovoltaic (PV) solar power facility in Tarlac.

Movements in this account follow:

	Unaudited	Audited
	31-Mar-2023	31-Dec-2022
Balance at beginning of year	**₱66,230,330**	**₱92,810,843**
Additions	**–**	**921,276**
Change in estimates (Note 11)	**–**	**(37,729,203)**
Accretion expense	**1,799,157**	**3,622,334**
Foreign exchange adjustment	**(1,259,109)**	**6,605,080**
Balance at end of year	**₱66,770,378**	**₱66,230,330**

20. Equity

Under the existing laws of the Republic of the Philippines, at least 60% of the Parent Company's issued capital stock should be owned by citizens of the Philippines for the Parent Company to own and hold any mining, petroleum or renewable energy contract area. As of March 31, 2023, the total issued and subscribed capital stock of the Parent Company is 99.79% Filipino and 0.21% non-Filipino as compared to 99.77% Filipino and 0.23% non-Filipino as of December 31, 2022.

As of December 31, 2022 and 2021, paid-up capital consists of:

Capital stock – ₱1 par value	
Authorized – 700,000,000 shares	
Issued and outstanding	₱568,711,842
Additional paid-in capital	2,156,679,049
	₱2,725,390,891

The Group's track record of capital stock follows:

	Number of shares registered	**Issue/offer price**	**Date of SEC approval**	**Number of holders as of year-end**
Listing by way of introduction - August 11, 2004	84,253,606	₱3/share	August 4, 2004	
Add (deduct):				
25% stock dividend	21,063,402	₱1/share	September 6, 2005	
30% stock dividend	31,595,102	₱1/share	September 8, 2006	
1:1 stock rights offering	136,912,110	₱5/share	May 26, 2010	

December 31, 2010	273,824,220			2,149
Deduct: Movement	–			(26)
December 31, 2011	273,824,220			2,123
Deduct: Movement	–			(10)
December 31, 2012	273,824,220			2,113
Deduct: Movement	–			(41)
December 31, 2013	273,824,220			2,072
Deduct: Movement				(29)
December 31, 2014	273,824,220			2,043
Add (Deduct):				
2:1 stock rights offering	136,912,110	₱4.38/share	June 3, 2015	(15)
December 31, 2015	410,736,330			2,028
Deduct: Movement	–			(1)
December 31, 2016	410,736,330			2,027
Deduct: Movement	–			(15)
December 31, 2017	410,736,330			2,012
Add (Deduct):				
1.2:6 stock rights offering	157,975,512	₱4.8/share	January 8, 2018	(8)
December 31,2018	568,711,842			2004
Deduct: Movement	–			(5)
December 31,2019	568,711,842			1,999
Deduct: Movement	–			(1)
December 31,2020	568,711,842			1,998
Deduct: Movement	–			(5)
December 31,2021	568,711,842			1,993
Deduct: Movement	–			(2)
December 31,2022	568,711,842			1,991
Deduct: Movement				(4)
March 31,2023	568,711,842			1,987

On July 26, 2017, at the BOD meeting, the Parent Company was authorized to raise approximately one billion pesos (₱1,000,000,000) in capital, by offering and issuing to all eligible stockholders as of record date, the rights to subscribe up to all of the existing unissued common shares of the Parent Company ("Stock Rights Offer").

On September 29, 2017, the Parent Company filed its application for the listing and trading of rights shares with the PSE. On December 13, 2017, the PSE approved the application to list the Rights Shares.

The rights offer entitled eligible stockholders as of record date of January 12, 2018 to subscribe to one rights share for every 2.6 shares held at an offer price of ₱4.80 per share.

The rights offer was undertaken on January 22 to 26, 2018. Following the close of the offer period, the Parent Company successfully completed the stock rights offer for 157,975,512 common shares with gross proceeds of ₱758.28 million and was subsequently listed on the PSE on February 2, 2018.

The proceeds from the stock rights offer were used for the development and expansion plans of the Group's renewable energy projects, general corporate requirements, and payments of loans and the related interest.

Cumulative Translation Adjustment
In 2018, because of the change in business circumstances of the Parent Company, management changed its functional currency from United States Dollar (USD) to PHP effective January 31, 2018. All resulting exchange differences in the remeasurement of USD balances to PHP balances were recognized as 'Cumulative Translation Adjustment'.

Equity Reserve
On June 9, 2015, PetroEnergy sold its 10% interest in PetroGreen to EEIPC, bringing down its ownership in PetroGreen from 100% to 90%. The transaction was accounted as an equity transaction since there was no change in control.

On October 14, 2022, PetroGreen issued 363,244,840 shares to Kyuden (Note 25) thereby decreasing PetroEnergy's ownership interest in PetroGreen from 90% to 76.92%. On January 10, 2023, PetroGreen issued another 349,006,880 shares to Kyuden (Note 25) which eventually decreased PetroEnergy's ownership interest in PetroGreen from 76.92% to 67.50%. These transactions with Kyuden were accounted as an equity transaction since there was no loss of control.

Equity reserves recognized under equity attributable to owners of PetroEnergy as a result of changes in PetroEnergy's ownership interest in PetroGreen are summarized as follows:

	09-Jun-2015	**14-Oct-2022**	**10-Jan-2023**	**Total**
Consideration received from NCI	₱206,000,000	₱1,687,431,477	₱1,634,762,580	₱3,528,194,057
Carrying amount of NCI sold	(125,950,762)	(1,030,763,729)	(1,194,405,409)	(2,351,119,900)
Excess of consideration received recognized in equity	**₱80,049,238**	**₱656,667,748**	**₱440,357,171**	**₱1,177,074,157**

As of March 31, 2023 and December 31, 2022, the balance of equity reserve account amounts to ₱1,177 million and ₱736.71 million, respectively.

Deposit for Stock Subscription
This account represents the balance of the escrow fund related to Kyuden's Share Subscription Agreement for a total of ₱3,369,500,000 representing 712,251,720 shares in PetroGreen. Upon "Initial Closing" date, ₱1,718,445,000 was converted into equity in PetroGreen. As of December 31, 2022 the remaining escrow fund balance amounts to ₱1,651,055,000 which was later on released and converted into equity upon "Second Closing" on January 10, 2023 under the Subscription Agreement (see Note 25).

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

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

As of March 31, 2023 and December 31, 2022, the Group analyzes its capital structure primarily though the debt-to-equity ratio, which is total liabilities divided by total equity.

The Group's sources of capital as of March 31, 2023 and December 31, 2022 are as follows:

	Unaudited	Audited
	31-Mar-2023	31-Dec-2022
Loans payable	**₱3,323,440,665**	₱3,477,929,052
Capital stock	**568,711,842**	568,711,842
Additional paid-in capital	**2,156,679,049**	2,156,679,049
Retained earnings	**3,355,224,738**	3,182,613,298
Equity reserve	**1,177,074,157**	736,716,986
	₱10,581,130,451	₱10,122,650,227

The table below demonstrates the debt-to-equity ratio of the Group as of March 31, 2023 and December 31, 2022:

	Unaudited	Audited
	31-Mar-2023	31-Dec-2022
Total liabilities	**₱4,262,130,637**	₱4,442,489,721
Total equity	**12,700,699,178**	12,377,322,378
Debt-to-equity ratio	**0.34:1**	0.36:1

Based on the Group's assessment, the capital management objectives were met on March 31, 2023 and December 31, 2022.

21. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to as 'Affiliates'). Related parties may be individuals or corporate entities.

Significant transactions with related parties are as follows:

	Transactions for the Period		**Outstanding Balance Receivables (Payables)**		**Terms and**
Related Party/Nature	**31-Mar-23**	31-Dec-22	**31-Mar-23**	31-Dec-22	**Conditions**
Investor					
House of Investments, Inc					
Internal audit services	**₱218,400**	₱873,600	**(₱72,800)**	(₱509,600)	Note a
Joint Venture					
PetroWind					
Rental income	**214,286**	857,143	**152,857**	–	Note b
Timewriting fee	**4,154,954**	16,199,133	**4,570,449**	4,615,734	Note c
Management income	**500,000**	2,000,000	**161,667**	–	Note c
Advances – receivable	**2,123,810**	9,764,078	**2,375,801**	340,792	Note d
Advances – payables	–	56,160	**(56,160)**	(56,160)	Note d
			7,204,614	4,900,366	
Affiliate					
AC Energy Corporation (ACEN)					
Electricity sales	**260,414,263**	823,196,490	**97,894,778**	102,355,875	Note e
Pass-on Wheeling, Ancillary & Transmission Charges	**10,846,739**	129,112,773	**60,125,974**	60,180,225	Note e
			158,020,752	162,536,100	
Affiliate					
EEI Power Corporation					
Other income	**₱-**	₱610,000	**₱683,200**	₱683,200	Note f
Affiliate					
LIPCO					
Land lease	–	34,513,550	–	–	Note g

Related Party/Nature	Transactions for the Period **31-Mar-23**	 31-Dec-22	Outstanding Balance Receivables (Payables) **31-Mar-23**	 31-Dec-22	Terms and Conditions
Affiliate					
Enrique T. Yuchengco, Inc.					
Rental income	**202,818**	906,884	820,407	593,251	Note j

a. PetroEnergy has an Internal Audit Engagement arrangement with House of Investments, Inc. (HI). These are non-interest bearing and are due and demandable.

b. PetroGreen charges rental fees to PetroWind amounting to ₱71,429 every month. These are non-interest bearing and payable when due and demandable.

c. Timewriting fees are charged by PetroGreen for accounting, legal management and other support services rendered to PetroWind. Management income refers to charges by PetroEnergy to PetroWind. These are non-interest bearing and are due and demandable.

d. Advances represent reimbursements of costs and expenses.

e. Electricity sales, wheeling, transmission and IEMOP transaction-related pass-on charges to ACEN (formerly PHINMA) are pursuant to the Electricity Supply Agreement. This is due and payable on the last business day of the month succeeding the billing period and non-interest bearing if paid within the due date.

f. PetroGreen charged EEI Power Corporation (EEIPC) amounting to ₱550,000 plus VAT representing charges for the equity valuation study.

g. The Group leased 77 hectares of land area from LIPCO (Note 14). These are non-interest bearing and payable when due and demandable.

h. On November 12, 2015, PetroSolar entered into a ₱2.6 billion OLSA with PNB and DBP. PetroGreen and EEIPC signed as the third party mortgagors and pledgors (see Note 18).

i. PetroWind executed an OLSA with DBP for a loan facility amounting to ₱3.0 billion. PetroEnergy signed as guarantor and PetroGreen signed as guarantor, pledgor and third-party mortgagor (see Note 18).

j. On April 29, 2021, PGEC completed its first commercial and industrial (C&I) rooftop solar power project for the Enrique T. Yuchengco Bldg. in Binondo, Manila.

The building owner E.T. Yuchengco Inc. (ETY) and project owner PGEC signed a 15-year Rent-to-Own Agreement for a 140.8-kWp solar rooftop facility last January 14, 2021. The rental period commenced upon the project's completion in April 2021. After said 15-year cooperation period, PGEC will turn-over the said rooftop solar facility to ETY free of charge.

22. **Financial Instruments**

The Group's principal financial instruments include cash and cash equivalents, short-term investments, financial assets at FVTPL, receivables, restricted cash, loans payable, accounts payable, accrued expenses and dividends payable. The main purpose of these financial instruments is to fund the Group's working capital requirements.

Categories and Fair Values of Financial Instruments

As of March 31 2023 and December 31, 2022, the carrying amounts of the Group's financial assets and financial liabilities approximate their fair values except for loans payable and lease liabilities. The fair value of the loans payable as of December 31, 2022 amounted to ₱3.49 billion compared to their carrying value of ₱3.48 billion.

The methods and assumptions used by the Group in estimating the fair value of financial instruments are:

Financial instruments	**Considerations**
Cash and cash equivalents, short-term investments, restricted cash, receivables, accounts payable and accrued expenses, and short-term loans payable	Due to the short-term nature of the instruments, carrying amounts approximate fair values as at the reporting date.
Equity securities	Fair values are based on published quoted prices (Level 1).
Golf club shares	Fair values are based on quoted market prices at reporting date (Level 1).
Long-term loans payable	Fair value is based on the discounted value of expected future cash flows using the applicable interest rate for similar type of instruments. The fair value is derived using the prevailing PH BVAL rate in 2022 and 2021.
Lease liabilities	Estimated fair value is based on the discounted value of future cash flows using the prevailing PH BVAL rate.

The fair value is based on the source of valuation as outlined below:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

In March 31, 2023 and December 31, 2022, there were no transfers of financial instruments among all levels.

Financial Risk Management Objectives and Policies

The Group manages and maintains its own portfolio of financial instruments in order to fund its own operations and capital expenditures. Inherent in using these financial instruments are the following risks on liquidity, market and credit.

Financial Risks
The main financial risks arising from the Group's financial instruments are liquidity risk, market risk and credit risk.

a. Liquidity Risk
Liquidity risk is the risk that the Group is unable to meet its financial obligations when due. The Group monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations and to mitigate the effects of fluctuation in cash flows. To cover its short-term and long-term funding requirements, the Group obtains funds from various sources including internally generated funds and loans from financial institutions. As of March 31, 2023 and December 31, 2022, the Group has existing credit line facilities from which they can draw funds from (see Note 18).

The tables below summarize the maturity profile of the Group's financial assets and financial liabilities as of March 31, 2023 and December 31, 2022 based on contractual payments:

	31-Mar-23 (Unaudited)			
	On demand	**1 year or less**	**More than 1 year**	**Total**
Financial Assets				
Financial assets at FVTPL	**₱7,145,746**	**₱–**	**₱–**	**₱7,145,746**
Financial assets at amortized cost:				
Cash and cash equivalents	**1,687,055,733**	–	–	**1,687,055,733**
Short-term investments	–	**2,575,286,425**	–	**2,575,286,425**
Accounts receivable	**26,573,403**	**385,682,883**	–	**412,256,286**
Other receivables	**3,526,249**	–	–	**3,526,249**
Interest receivable	**43,782,947**	–	–	**43,782,947**
Refundable deposits	–	**448,721**	**5,351,806**	**5,800,527**
Restricted cash	–	**335,589,896**	**35,762,733**	**371,352,629**
	1,768,084,078	**3,297,007,925**	**41,114,539**	**5,106,206,542**
Financial Liabilities				
Financial liabilities at amortized cost:				
Loans payable	–	**791,730,980**	**2,531,709,685**	**3,323,440,665**
Lease liabilities	–	**29,506,086**	**309,753,594**	**339,259,680**
Accounts payable and accrued expenses	**494,923,075**	–	–	**494,923,075**
	494,923,075	**821,237,066**	**2,841,463,279**	**4,157,623,420**
Net financial assets (liabilities)	**₱1,244,007,926**	**₱2,090,307,566**	**(₱3,096,491,429)**	**₱237,824,063**

	31-Dec-22 (Audited)			
	On demand	1 year or less	More than 1 year	Total
Financial Assets				
Financial assets at FVTPL	₱7,540,090	₱–	₱–	₱7,540,090
Financial assets at amortized cost:				
Cash and cash equivalents	1,677,231,584	–	–	1,677,231,584
Short-term investments	–	946,044,355	–	946,044,355
Accounts receivable	26,063,483	401,797,633	–	427,861,116
Other receivables	3,526,249	–	–	3,526,249
Interest receivable	23,487,736	–	–	23,487,736
Refundable deposits	–	449,351	5,323,862	5,773,213
Restricted cash	–	2,063,387,986	31,451,424	2,094,839,410
	1,737,849,142	3,411,679,325	36,775,286	5,186,303,753
Financial Liabilities				
Financial liabilities at amortized cost:				
Loans payable**	–	1,171,962,383	2,483,851,603	3,655,813,986
Lease liabilities	–	34,737,976	653,754,365	688,492,341
Accounts payable and accrued expenses*	524,076,152	–	–	524,076,152
	524,076,152	1,206,700,359	3,137,605,968	4,868,382,479
Net financial assets (liabilities)	₱1,213,772,990	₱2,204,978,966	(₱3,100,830,682)	₱317,921,274

**Excluding statutory payables*
***Includes future interest payments*

b. *Market Risk*
Market risk is the risk of loss on future earnings, on fair values or on future cash flows that may result from changes in market prices. The value of a financial instrument may change as a result of changes in equity prices, foreign currency exchanges rates, interest rates and other market changes.

Foreign Exchange Risk
Foreign currency risk is the risk that the value of the Group's financial instruments denominated other than the Group's functional currency diminishes due to unfavorable changes in foreign exchange rates. The Group's transactional currency exposures arise from cash and cash equivalents, receivables and accounts payable and accrued expenses.

The Group's foreign currency-denominated financial instruments as of March 31, 2023 and December 31, 2022 are as follows:

	31-Mar-22 (Unaudited)		31-Dec-22 (Audited)	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Financial assets				
Cash and cash equivalents	**$2,418,876**	**₱131,656,999**	$2,316,003	₱129,974,085
Receivables	**–**	**–**	674,774	37,868,318
Restricted Cash	**1,029,947**	**56,058,980**	933,326	52,378,235
	3,448,823	**187,715,979**	3,924,103	220,220,638
Financial liabilities				
Accounts payable and accrued expenses	**1,183,960**	**64,441,754**	1,187,125	66,621,466
Net exposure	**$2,264,863**	**₱123,274,225**	$2,736,978	₱153,599,172

As of March 31, 2023 and December 31, 2022, the exchange rates used for conversion are ₱54.429 and ₱56.120 per $1, respectively.

There is no other impact on the Group's equity other than those already affecting income before income tax.

Interest Rate Risk
The Group's exposure to market risk for changes in interest rates relates primarily to the Group's loans payable. Interest rate of loans payable is fixed for the first five (5) years or first seven (7) years and will be repriced thereafter.

There is no other impact on the Group's equity other than those already affecting income before income tax.

c. *Credit Risk*

Credit risk is the possibility of loss for the Group if its receivable counterparties fail to discharge their contractual obligations. With respect to credit risk arising from the other financial assets of the Group, which comprise of cash and cash equivalents, short-term investments, receivables, financial assets at FVTPL, and restricted cash, the Group's exposure to credit risk could arise from default of the counterparty.

The Group trades only with recognized, creditworthy third parties. However, the Group's credit risk exposure is concentrated on a few counterparties as inherent in the oil exploration and production and renewable energy businesses. The Group has a well-defined credit policy and established credit procedures. In addition, receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

The table below summarizes the Group's gross maximum credit risk exposure from its financial instruments and contract asset. These amounts are gross of collateral and credit enhancements, but net of any amounts offset and allowance for impairment losses:

	31-Mar-23	31-Dec-22
Financial assets:		
Cash in banks and cash equivalents	**₱1,683,021,733**	₱1,673,197,584
Short-term investments	**2,575,286,425**	946,044,355
Receivables	**459,565,482**	452,192,649
Financial assets at FVTPL	**7,145,746**	7,540,090
Refundable deposits	**5,800,527**	5,323,862
Restricted cash	**371,352,629**	2,094,839,410
Contract asset	**311,172,896**	296,358,490
	₱5,413,345,438	₱5,475,496,440

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The mechanics of the ECL calculations and the key elements are, as follows:

a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

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

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The table below shows the aging by class of asset for the Group's financial assets and contract asset as of March 31, 2023 and December 31, 2022:

	31-Mar-23 (Unaudited)			
	Current (High grade)	**More than 90 days (Standard grade)**	**Credit impaired**	**Total**
Financial assets:				
Cash and cash equivalents*	**₱1,683,021,733**	**₱–**	**₱–**	**₱1,683,021,733**
Short-term investments	**2,575,286,425**	**–**	**–**	**2,575,286,425**
Accounts receivable	**412,256,286**	**–**	**2,682,452**	**414,938,738**
Other receivables	**3,526,249**	**–**	**–**	**3,526,249**

Interest receivable	**43,782,947**	**–**	**–**	**43,782,947**
Financial assets at FVTPL	**7,145,746**	**–**	**–**	**7,145,746**
Refundable deposits	**5,800,527**	**–**	**–**	**5,773,213**
Restricted cash	**371,352,629**	**–**	**–**	**371,352,629**
Contract asset	**311,172,896**	**–**	**–**	**311,172,896**
	₱5,413,345,438	**₱–**	**₱2,682,452**	**₱5,416,000,576**

	31-Dec-22 (Audited)			
	Current (High grade)	More than 90 days (Standard grade)	Credit impaired	Total
Financial assets:				
Cash and cash equivalents*	₱1,673,197,584	₱–	₱–	₱1,673,197,584
Short-term investments	946,044,355	–	–	946,044,355
Accounts receivable	425,178,664	–	2,682,452	427,861,116
Other receivables	3,526,249	–	–	3,526,249
Interest receivable	23,487,736	–	–	23,487,736
Financial assets at FVTPL	7,540,090	–	–	7,540,090
Refundable deposits	5,773,213	–	–	5,773,213
Restricted cash	2,094,839,410	–	–	2,094,839,410
Contract asset	296,358,490	–	–	296,358,490
	₱5,475,945,791	₱–	₱2,682,452	₱5,478,628,243

**excluding cash on hand*

Financial assets are classified as high grade if the counterparties are not expected to default in settling their obligations. Thus, credit risk exposure is minimal. Financial assets are classified as a standard grade if the counterparties settle their obligation with the Group with tolerable delays. Low grade accounts are accounts, which have probability of impairment based on historical trend. These accounts show propensity of default in payment despite regular follow-up actions and extended payment terms. The Group's cash in banks, cash equivalents, accounts receivable, interest receivable and restricted cash have high grade credit quality.

23. Segment Information

For management purposes, the Group is organized into business units based on their products and has four reportable segments as follows:

- The oil production segment is engaged in the oil and mineral exploration, development and production.
- The geothermal energy segment develops and operates geothermal steamfields and power plants.
- The solar energy segment carries out solar energy operations of the Group.
- Other activities pertain to research and investment activities.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

	31-Mar-23 (Unaudited)					
	Oil Production	**Geothermal Energy**	**Solar Energy**	**Other Activities**	**Elimination**	**Consolidated**
Segment revenue	**₱90,756,711**	**₱275,600,141**	**₱241,218,961**	**₱–**	**₱–**	**₱607,575,813**
Net income (loss)	**22,099,901**	**92,873,014**	**141,104,865**	**83,425,728**	**165,713**	**339,669,221**
Other comprehensive income (loss)	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Other information:						
Segment assets except deferred tax assets	**₱3,581,507,906**	**₱5,749,350,388**	**₱4,306,591,437**	**₱6,134,535,964**	**(₱2,820,268,883)**	**₱16,951,716,812**
Deferred tax assets - net	**₱6,539,828**	**₱1,809,192**	**₱2,763,983**			**₱11,113,003**
Segment liabilities except deferred tax liabilities	**₱227,468,433**	**₱2,345,362,055**	**₱1,433,510,528**	**₱276,168,663**	**(₱20,379,042)**	**₱4,262,130,637**
Deferred tax liabilities - net	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Provision for (benefit from) income tax	**₱504,755**	**₱6,642,495**	**₱6,264,141**	**₱117,128**	**₱–**	**₱13,528,519**

	31-Dec-2022 (Audited)					
	Oil Production	Geothermal Energy	Solar Energy	Other Activities	Elimination	Consolidated
Segment revenue	₱726,054,533	₱952,309,263	₱872,735,258	₱–	₱–	₱2,551,099,055
Net income (loss)	226,622,580	146,845,509	459,345,015	216,801,086	(186,537,152)	863,077,038
Other comprehensive income (loss)	6,865,326	2,179,169	437,411	947,907	–	10,429,813
Other information:						
Segment assets except deferred tax assets	₱3,745,736,291	₱5,687,240,312	₱4,132,932,701	₱6,143,372,796	(₱2,900,391,814)	₱16,808,890,286
Deferred tax assets - net	₱6,539,828	₱1,809,192	₱2,578,909	₱–	₱–	₱10,927,929
Segment liabilities except deferred tax liabilities	₱413,796,718	₱2,376,124,993	₱1,400,771,566	₱270,625,881	(₱18,823,341)	₱4,442,495,817
Deferred tax liabilities - net	₱–	₱–	₱–	₱–	₱–	₱–
Provision for (benefit from) income tax	₱2,997,940	₱15,707,772	₱19,431,127	₱456,037	₱–	₱38,592,876

InterGroup investments, revenues and expenses are eliminated during consolidation.

24. Basic/Diluted Earnings Per Share

The computation of the Group's earnings per share follows:

	Unaudited 31-Mar-2023	Unaudited 31-Mar-2022	Audited 31-Dec-2022
Net income attributable to equity holders of the Parent Company	**₱172,611,440**	₱176,957,400	₱548,523,247
Weighted average number of shares	**568,711,842**	568,711,842	568,711,842
Basic/diluted earnings per share	**₱0.3035**	₱0.3112	₱0.9645

Earnings per share are calculated using the net income attributable to equity holders of the Parent Company divided by the weighted average number of shares.

PERC does not have potentially dilutive common stock.

25. Non-controlling Interests

As of March 31, 2023 and December 31, 2022, the accumulated balances of and net income attributable to non-controlling interests are as follows:

	Unaudited	Audited
	31-Mar-2023	31-Dec-2022
Accumulated balances of non-controlling interests:		
PetroSolar	**₱1,265,371,753**	₱1,203,285,619
MGI	**1,192,029,134**	1,159,523,579
PetroGreen	**2,867,083,402**	1,600,211,911
	₱5,324,484,289	₱3,963,021,109

	Unaudited	Audited
	31-Mar-2023	31-Dec-2022
Net income attributable to non-controlling interests:		
PetroSolar	**₱62,086,141**	₱202,111,799
MGI	**32,505,555**	51,395,928
PetroGreen	**72,466,085**	61,046,054
	₱167,057,781	₱314,553,781

Dividends paid to non-controlling interests amounted to nil and ₱122.80 million as of March 31, 2023 and December 31, 2022, respectively.

Increase in non-controlling interests from stock issuances

PetroGreen
December 31, 2022
In September 2022, PetroGreen, PetroEnergy and Kyuden International Corporation (Kyuden), a wholly-owned subsidiary of Japan's Kyushu Electric Power Co., Inc., executed the Subscription Agreement and Shareholders' Agreement. Pursuant to the said documents, PetroGreen will issue 712,251,720 shares in two tranches in favor of Kyuden equivalent to 25% ownership interest in PetroGreen upon completion of the conditions precedent for the transaction.

In October 2022, PetroGreen received from Kyuden the payment for the subscription amounting to ₱3.37 billion, which is maintained in an escrow fund with a bank to be release based on the terms of the escrow agreement.

On October 14, 2022, transaction for the "Initial Closing" was completed. The subscription amount of ₱1.72 billion was released from the escrow account and the 363,244,840 shares coming from unissued shares of PetroGreen was issued in favor of Kyuden representing 14.53% ownership interest in PetroGreen.

On November 18, 2022, another ₱21.81 million was released from the escrow account representing the required 25% payment of the 25% subscribed shares for the increase in PetroGreen's authorized capital stock as part of the "Pre-Approval Second Closing". On December 14, 2022, SEC approved the application for increase in authorized capital stock from 2,500,000,000 shares at ₱1.0 par value to 2,849,006,880 shares with same par value.

As of December 31, 2022, the “Second Closing” under the Subscription Agreement is not yet completed since the fulfilment of the Conditions Precedent and the payment/release of the ₱1.63 billion remaining escrow fund was completed only on January 10, 2023. Effectively, Kyuden has 14.53% equity ownership in PetroGreen as of December 31, 2022. This resulted in an increase in non-controlling interest as of December 31, 2022 (see Note 20).

The amount of ₱1.65 billion representing the subscription amount for the “Pre-approval Second Closing” and “Second Closing” transactions are presented as separate line item as Deposit for Stock Subscription under the 2022 Equity section.

On January 10, 2023, the date of “Second Closing”, the remaining balance of the escrow account amounting to ₱1.63 billion was released and the stock certificate for the 349,006,880 subject shares was issued in favor of Kyuden. After the Second Closing on January 10, 2023, Kyuden already holds 25% ownership interest in PetroGreen.

PetroSolar
On March 28, 2022, the BOD and Stockholders approved the increase in PetroSolar’s authorized capital stock from ₱1,800,000,000 consisting of 18,000,000 shares at ₱100 par value per share, to ₱1,900,000,000 consisting of 19,000,000 shares at ₱100 par value per share. In compliance with Sec. 37 of the Revised Corporation Code, 25% or 250,000 shares of the authorized capital stock increase must be subscribed, and 25% or 62,500 shares of the subscribed capital stock must be paid up. Of the total subscribed capital stock amounting to ₱25,000,000, cash amounting to ₱6,250,000 equivalent to 62,500 shares was received by PetroSolar on April 6, 2022 as subscription payment for the proposed increase in authorized capital stock. PetroSolar filed its application for the approval of the proposed increase in authorized capital stock with the SEC on May 23, 2022. The said application was approved by the SEC on May 30, 2022. Upon approval, the 62,500 shares subscribed were treated as outstanding shares.

26. **Others**

a. The Interim Financial Report (March 31, 2023) is in compliance with generally accepted accounting principles.

b. The same policies and methods of computation were followed in the preparation of the interim financial report compared to the December 31, 2021 Consolidated Audited Financial Statements.

c. No unusual item or items affected the assets, liabilities, equity and cash flows of the March 31, 2023 Financial Statements.

d. Earnings per share is presented in the face of the unaudited statements of income for the period ended March 31, 2023 and December 31, 2022.

e. No significant events happened during the quarter that will affect the March 31, 2023 Unaudited Financial Statements.

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

g. There is no foreseeable event that will trigger direct or contingent financial obligation that is material to the Company, including any default of accelerated obligation.

h. There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with other entities or persons that were created during the period.

i. There are no changes in estimates of amounts reported in prior periods of the current financial year or changes in estimates of amounts reported in prior financial years that could have material effect in the current period.

j. Our Company has no contingent liabilities or assets during the period.

Item 2. Management's Discussion and Analysis or Plan of Operation

PART I – Management's Discussion and Analysis (Amounts are in Philippine Peso (P))

1. Consolidated Financial Position (March 31, 2023 and December 31, 2022)

	31-Mar-23	31-Dec-22	% Change	% of Total Assets
ASSETS				
Cash and cash equivalents	₱1,687,055,733	₱1,677,231,584	0.59%	9.95%
Short term investments	2,575,286,425	946,044,355	172.22%	15.18%
Restricted cash	335,589,896	2,063,387,986	-83.74%	1.98%
Receivables	459,565,482	452,192,649	1.63%	2.71%
Financial assets at fair value through profit and loss (FVTPL)	7,145,746	7,540,090	-5.23%	0.04%
Crude oil inventory	76,061,522	14,437,192	426.84%	0.45%
Contract Assets - current portion	17,734,939	21,949,016	-19.20%	0.10%
Other current assets	209,175,979	165,279,803	26.56%	1.23%
Property and equipment-net	8,158,422,721	8,196,897,057	-0.47%	48.10%
Deferred oil exploration cost	355,951,118	311,883,011	14.13%	2.10%
Contract assets - noncurrent portion	293,437,957	274,409,474	6.93%	1.73%
Investment in a joint venture	1,934,317,304	1,877,522,983	3.02%	11.40%
Right of use of asset	340,580,472	342,614,655	-0.59%	2.01%
Deferred tax assets-net	11,113,003	10,927,929	1.69%	0.07%
Investment properties-net	1,611,533	1,611,533	0.00%	0.01%
Other noncurrent assets	499,779,985	455,882,782	9.63%	2.95%
TOTAL ASSETS	**₱16,962,829,815**	**₱16,819,812,099**	0.85%	100.00%
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	504,024,564	551,463,206	-8.60%	2.97%
Loans payable - current	791,730,980	947,144,643	-16.41%	4.67%
Lease liabilities-current	29,506,086	22,734,502	29.79%	0.17%
Income tax payable	19,086,864	5,995,154	218.37%	0.11%
Loans payable - net of current portion	2,531,709,685	2,530,784,409	0.04%	14.93%
Lease liabilities - net of current portion	309,753,594	306,059,838	1.21%	1.83%
Asset retirement obligation	66,770,378	66,230,330	0.82%	0.39%
Other noncurrent liability	9,548,486	12,077,639	-20.94%	0.06%
TOTAL LIABILITIES	**₱4,262,130,637**	**₱4,442,489,721**	-4.06%	25.13%
EQUITY				
Attributable to equity holders of the Parent Company	7,376,214,889	6,763,246,278	9.06%	43.48%
Non-controlling interest	5,324,484,289	3,963,021,100	34.35%	31.39%
Deposit for future stock subscription	-	1,651,055,000	-100.00%	0.00%
TOTAL EQUITY	**₱12,700,699,178**	**₱12,377,322,378**	2.61%	74.87%
TOTAL LIABILITIES AND EQUITY	**₱16,962,829,815**	**₱16,819,812,099**	0.85%	100.00%

Total assets amounted to ₱16.963 billion and ₱16.820 billion as of March 31, 2023 and December 31, 2022, respectively. Book value is at ₱12.97/share from ₱11.89/share.

Cash and cash equivalents consist of cash on hand, cash in banks and money market placements with original maturities of not more than three months. The 0.59% net increase from ₱1.677 billion as of December 31, 2022 to ₱1.687 billion as of March 31, 2023 is mainly due to collections from electricity sales and oil lifting proceeds, net of payments for loan principal, interest and working capital requirements for the period.

Short term investments with maturities of more than three months increased by 172.22% due to additional money market placements from the proceeds of the Second Final Closing of Kyuden International Corporation (Kyuden) share subscription on January 10, 2023.

Restricted cash decreased as a result of release of the escrow account relating to Kyuden share subscription. Restricted cash pertaining to subsidiaries' debt service payment and reserve account also decreased due to payment of loans. In addition, the Parent Company's share in the escrow funds related to Etame Abandonment Fund has also been used for payment of FPSO decommissioning and Etame Field Asset Retirement Obligations.

The **Receivables** account mainly consists of receivables from electricity sales and lifting/sales of crude oil revenue, with interest income as minor component. The 1.63% increase is essentially attributable to higher interest receivable from short-term investments.

Financial assets at fair value through profit and loss (FVPL) amounted to ₱7.146 million and ₱7.540 million as of March 31, 2023 and December 31, 2022, respectively. The market prices of the portfolio are maintained resulting in minimal change in the account.

Crude oil inventory increased due to higher number of barrels left unsold during the period.

Contract Assets – current and non-current portion pertains to PSC's receivable from TransCo on FIT arrears, which is currently recorded at net present value since this will be collected over five (5) years. PSC's collection started in 2022. The decrease is mainly due to the collection of FIT arrears adjustment for TSPP1 for the period. Non-current portion increased due to additional set-up of the FIT arrears adjustment for TSPP1 for the period.

Other current assets consist of supplies inventory, prepaid expenses, and other current assets. The bulk of the net increase of 26.56% is mainly due to set-up of prepaid expenses for insurance, and real property taxes and business permits to be amortized over the year.

Property, plant and equipment (PPE) amounted to ₱8.158 billion and ₱8.197 billion as of March 31, 2023 and December 31, 2022, respectively. The 0.47% net decrease is mainly due to the continuous depreciation of the Renewable Energy Power Plants, and other assets, and depletion of oil assets.

Deferred oil exploration cost increased by 14.13% resulting from the continuous development of the Gabon oil field.

Investment in a joint venture refers to the 40.00% shareholdings in PWEI and investment in three newly incorporated special purpose vehicles namely: BuhaWind Energy Northern Luzon Corporation, BuhaWind Energy Northern Mindoro Corporation and BuhaWind Energy East Panay Corporation. Bulk of the 3.02% net increase from ₱1.877 billion to ₱1.934 billion pertains to the Group's share in net income generated by PWEI during the period.

Right of use of asset and lease Liabilities – these resulted from the first time adoption of the new PFRS 16 – leases in 2019. Please refer to Note 14 of the Consolidated AFS. The 0.59% decline pertains to the amortization of the account during the period.

Deferred tax assets – net occurs due to timing differences in recognizing temporary deductible expenses and temporary taxable revenues such as accrued profit share, accretion expenses, accrued retirement liability, provision for probable losses, unrealized gains or losses and change in crude oil inventory. As of March 31, 2023 and December 31, 2022, this amounted to ₱11.113 million and ₱10.928 million, respectively. The net increase pertains to movements of the temporary deductible expenses and temporary taxable revenues during the period.

The Investment properties-net account remains the same as of March 30, 2023.

Other non-current assets amounted to ₱499.780 million and ₱455.883 million as of March 30, 2023 and December 31, 2022, respectively. The 9.63% net increase is mainly due to the additions to Deferred Development Cost related to the exploration, development, production and expansion of various renewable energy projects.

Accounts payable and accrued expenses decreased by 8.60% mainly due to payment of accruals of payables to contractors and suppliers.

Current portion of loan payable decreased by 16.41% due to payment of loan principal during the period.

Loans payable – net of current portion increased by 0.04% due to amortization of the deferred financing cost during the period.

Lease liabilities – current and non-current movement is mainly due to the interest recognized during the period.

The increase in the **Income tax payable** account mainly pertains to additional set-up of provision during the period.

Asset retirement obligation amounted to ₱66.770 million and ₱66.230 million as of March 31, 2023 and December 31, 2022, respectively. The 0.82% minimal increase mainly pertains to accretion made during the period.

Other non-current liabilities pertains to the Group's accrued retirement liability account. The net decrease of 20.94% is mainly due to payment for retirement funds during the period.

Equity attributable to equity holders of the Parent Company amounted to ₱7.376 billion or ₱12.97 book value per share and ₱6.763 billion or ₱11.89 book value per share, as of March 31, 2023 and December 31, 2022, respectively. Bulk of the increase is mainly due to equity reserve (excess of consideration over carrying value of NCI sold) related to Kyuden investment. The increase total Equity is mainly due to continuous income generation from the Renewable Energy Operations and Oil operations.

Non-controlling interest (NCI) pertains to the following:

- 7.50% share of EEIPC in PetroGreen as of March 31, 2023; 10% as of March 31, 2022
- 25.00% share of Kyuden in PetroGreen as of December 31, 2022; nil as of March 31, 2022
- 25% direct share of Trans-Asia, the 10% direct share of PNOC-RC, and indirect share of Kyuden and EEIPC (32.50% of the 65% of PGEC) in MGI;
- 44% direct share of EEIPC, and indirect share of Kyuden and EEIPC (32.50% of 56% share of PGEC) in PSC;

Non-controlling interest increased by 34.35% from ₱3.963 billion to ₱5.324 billion due to additional stock issuance to Kyuden and accumulated share in net income from RE projects.

Deposit for future stock subscription as of December 31, 2022 pertains to the balance of the Kyuden's subscription amount after deducting the subject shares for the Initial Closing. This account was converted into shares after the completion of the Second Final Closing on January 10, 2023.

2. Consolidated Financial Performance (as of March 31, 2023 and as of March 31, 2022)

	Unaudited		% Change	% to Total Revenues
	31-Mar-23	31-Mar-22		
REVENUES				
Electricity sales	501,633,224	425,026,400	18.02%	82.56%
Oil revenues	90,756,711	152,616,468	-40.53%	14.94%
Other revenues	15,185,878	14,508,584	4.67%	2.50%
	607,575,813	592,151,452	2.60%	100.00%
COST OF SALES				
Cost of sales - Electricity	188,802,590	186,142,493	1.43%	31.07%
Oil production operating expenses	102,995,554	86,942,657	18.46%	16.95%
Change in crude oil inventory	(61,624,330)	(34,618,337)	78.01%	-10.14%
Cost of sales - Others	14,912,083	14,359,867		
	245,085,897	252,826,680	-3.06%	40.34%
GROSS INCOME	362,489,916	339,324,772	6.83%	59.66%
GENERAL AND ADMINISTRATIVE EXPENSES	42,211,108	37,802,772	11.66%	6.95%
OTHER INCOME (CHARGES)				
Interest income	50,189,062	2,770,494	1711.56%	8.26%
Net unrealized foreign exchange gain (loss)	(3,348,669)	624,488	-636.23%	-0.55%
Net unrealized gain on fair value changes on financial assets at FVPL	(394,344)	449,547	-187.72%	-0.06%
Interest expense	(68,364,221)	(76,806,425)	-10.99%	-11.25%
Accretion expense	(1,799,157)	(856,780)	109.99%	-0.30%
Share in net income of an Associate	52,894,321	49,822,320	6.17%	8.71%
Miscellaneous income (charges)	3,741,940	2,645,642	41.44%	0.62%
	32,918,932	(21,350,714)	-254.18%	5.42%
INCOME BEFORE INCOME TAX	353,197,740	280,171,286	26.06%	58.13%
PROVISION FOR INCOME TAX	13,528,519	27,698,829	-51.16%	2.23%
NET INCOME	339,669,221	252,472,457	34.54%	55.91%
NET INCOME ATTRIBUTATBLE TO:				
Equity Holders of the Parent Company	172,611,440	176,957,400	-2.46%	28.41%
Noncontrolling interest	167,057,781	75,515,057	121.22%	27.50%

The Group's **consolidated net income** amounted to ₱339.669 million and ₱252.472 million for the 1st quarter ending March 31, 2023 and for the same period in 2022. While the **consolidated net income attributable to equity holders of the Parent Company** amounted to ₱172.611 million or ₱0.304 earnings per share for the 1st quarter 2023 as compared with ₱176.957 million or ₱0.311 earnings per share for the same period 2022.

The 34.54% increase in the consolidated net income is mainly due to continuous operation of Maibarara Geothermal Power Plant (MGPP) during the quarter as compared to previous year with scheduled major preventive maintenance in February 2022. Higher interest income also contributed to the increase in total consolidated net income.

The consolidated net income attributable to equity holders of the Parent Company decreased by 2.46% mainly due to the decrease in average crude oil prices (from average $107.95/bbl to average $81.34/bbl).

Revenues:

Electricity sales refer to the electricity power generation from MGPP and TSPP. The 18.02% net increase is mainly due to MGI's scheduled major preventive maintenance in February 2022, none for the current period.

Oil revenues decreased by 40.53% from ₱152.616 million as of March 31, 2022 to ₱90.757 million in March 31, 2022 mainly due to the decline in crude oil price (from average $107.95/bbl to average $81.34/bbl) and lower number of liftings made during the period.

Other revenues pertain to passed on Meralco wheeling and ancillary charges. The increase is mainly due to higher accruals made during the period.

Costs and Expenses:

Costs of electricity sales pertain to the direct costs of generating electricity power including operating and maintenance costs (O&M) of all RE subsidiaries' power plants and and MGI's fluid collection and reinjection system (FCRS), depreciation, and other costs directly attributed to producing electricity.

Oil production operating expenses increased by 18.46% mainly due to increase in personnel costs in Gabon Etame Operations and well workovers during the period.

Any oil produced but not delivered is recognized as crude oil inventory valued at its current crude oil price (net realizable value). The movement in crude oil inventory is presented as **Change in crude oil inventory**.

The negative monetary value of ₱61.624 million as of March 31, 2023 pertains to the increase in the base inventory barrels reckoning from December 31, 2022 of 146,218 bbls to 798,529 bbls. While the negative ₱34.618 million as of March 31, 2022 pertains to the increase in the base inventory barrels reckoning from December 31, 2021 of 147,922 bbls to 340,584 bbls.

General and administrative expenses, Other Income (Charges) and Provision for (Benefit from) Income Tax:

General and administrative expenses (G&A) increased by 11.66% mainly due to higher expenses incurred during the period resulting from increase in number of site visits.

Other income (charges) amounted to ₱32.918 million and (₱21.351 million) as of March 31, 2023 and March 31, 2022, respectively. Below presents the itemized discussion of offsetting changes in other income (charges) – net account.

- 1,711.56% increase in interest income due to higher short-term investments;
- Downturn movement from forex gain of ₱0.624 million to forex loss of ₱3.349 million for the quarter mainly due to conversion of USD accounts to Peso;
- decline in the market prices of the investments in FVPL, from net gain of ₱0.450 million to unrealized loss of ₱0.394 million;
- 10.99% decline in interest expense from ₱76.806 million to ₱68.364 million mainly due to installment payments of loans;
- 6.17% increase in share in Net income of an Associate from ₱49.822 million to ₱52.894 million mainly due to PWEI's higher net income as a result of increased wind speed during the 1st quarter of 2023 compared to same period last year.

- Increase in miscellaneous income is mainly due to PGEC's higher time writing charges to PWEI as a result of more activities.

Provision for (benefit from) income tax:
Provision for income tax current pertains to PSC's tax payable - 5.00% provision for income tax under the PEZA incentives and for MGPP, 10% tax rate, after the income tax holiday (for the M1), which ended last February 8, 2021, as part of its BOI incentives under RE Law. This also includes 1% minimum corporate income tax due for PERC and PGEC. The net decrease in the provision is due to lower taxable income of PERC as a result of utilization of NOLCO as additional deductible expense for the period.

Net Income Attributable to Non-controlling interest (NCI) is computed using the following equity holdings as of March 31, 2023 and March 31, 2022:
- 7.50% share of EEIPC in PetroGreen as of March 31, 2023; 10% as of March 31, 2022
- 25.00% share of Kyuden in PetroGreen as of December 31, 2022; nil as of March 31, 2022
- 25% direct share of Trans-Asia (now AC Energy Corporation), the 10% direct share of PNOC-RC, and indirect share of Kyuden and EEIPC (32.50% of the 65% of PGEC) in MGI;
- 44% direct share of EEIPC, and indirect share of Kyuden and EEIPC (32.50% of 56% share of PGEC) in PSC;

This amounted to ₱167.058 million and ₱75.515 million as of March 31, 2023 and same period 2022.

3. Consolidated Financial Position (March 31, 2023 and March 31, 2022)

	31-Mar-23	31-Mar-22	% Change	% in Total Assets
ASSETS				
Cash and cash equivalents	₱1,687,055,733	₱1,213,396,921	39.04%	9.95%
Short term investments	2,575,286,425	-	100.00%	15.18%
Restricted cash	335,589,896	780,197,555	-56.99%	1.98%
Receivables	459,565,482	472,589,066	-2.76%	2.71%
Financial assets at fair value through profit and loss (FVTPL)	7,145,746	8,036,775	-11.09%	0.04%
Crude oil inventory	76,061,522	47,235,013	61.03%	0.45%
Contract Assets - current portion	17,734,939	1,030,789	100.00%	0.10%
Other current assets	209,175,979	231,346,681	-9.58%	1.23%
Property and equipment-net	8,158,422,721	7,891,320,079	3.38%	48.10%
Deferred oil exploration cost	355,951,118	216,717,350	64.25%	2.10%
Contract assets - net of current portion	293,437,957	240,335,477	22.10%	1.73%
Investment in a joint venture	1,934,317,304	1,784,948,164	8.37%	11.40%
Right of use of asset	340,580,472	357,327,370	-4.69%	2.01%
Deferred tax assets-net	11,113,003	12,480,552	-10.96%	0.07%
Investment properties-net	1,611,533	1,611,533	0.00%	0.01%
Other noncurrent assets	499,779,985	372,429,181	34.19%	2.95%
TOTAl ASSETS	**₱16,962,829,815**	**₱13,631,002,506**	24.44%	100.00%
LIABILITIES AND EQUITY				
Accounts payable and accrued	504,024,564	505,151,952	-0.22%	2.97%
Loans payable - current	791,730,980	840,693,234	-5.82%	4.67%
Lease liabilities-current	29,506,086	13,615,067	116.72%	0.17%
Income tax payable	19,086,864	37,882,335	-49.62%	0.11%
Loans payable - net of current portion	2,531,709,685	3,226,486,980	-21.53%	14.93%
Lease liabilities - net of current portion	309,753,594	325,848,439	-4.94%	1.83%
Asset retirement obligation	66,770,378	95,123,996	-29.81%	0.39%
Other noncurrent liability	9,548,486	19,734,887	-51.62%	0.06%
TOTAL LIABILITIES	**4,262,130,637**	**5,064,536,890**	-15.84%	25.13%
EQUITY				
Attributable to equity holders of the Parent Company	7,376,214,889	5,754,395,222	28.18%	43.48%
Non-controlling interest	5,324,484,289	2,812,070,394	89.34%	31.39%
TOTAL EQUITY	**12,700,699,178**	**8,566,465,616**	48.26%	74.87%
TOTAL LIABILITIES AND EQUITY	**₱16,962,829,815**	**₱13,631,002,506**	24.44%	100.00%

Total assets amounted to ₱16.963 billion and ₱13.631 billion as of March 31, 2023 and March 31, 2022, respectively. Book value increased to ₱12.97/share from ₱10.12/share.

Cash and cash equivalents consist of cash on hand, cash in banks and money market placements with original maturities of not more than three months. The 39.04% net increase from ₱1.213 billion to ₱1.687 billion is mainly due to collections from electricity sales and oil lifting proceeds, net of payments for loan principal, interest and working capital requirements the period.

Short term investments with maturities of more than three months pertain to money market placements from the proceeds of the Second Final Closing of Kyuden's share subscription on January 10, 2023.

Restricted cash decreased due to the payment of loans taken from the debt service payment account.

The **Receivables** account mainly consists of receivables from electricity sales and lifting/sales of crude oil revenue. The 2.76% decrease is mainly due to collection of receivables from electricity sales and lifting proceeds.

Financial assets at fair value through profit and loss (FVPL) decreased by 11.09% from ₱8.037 million to ₱7.146 million mainly due to decline in the market prices of the investment portfolio.

Crude oil inventory increased mainly due to higher crude oil prices of the remaining barrels left unsold.

Contract Assets – current increased mainly due to additional set-up of the FIT arrears during the period.

Other current assets consist of supplies inventory, prepaid expenses, and other current assets. The bulk of the 9.58% net decrease is mainly due to amortization of prepaid expenses and usage of supplies inventory for the period.

Property, plant and equipment (PPE) amounted to ₱8.158 billion and ₱7.891 billion as of March 31, 2023 and March 31, 2022, respectively. The 3.38% net increase is mainly due to the following:

- additional 4 new wells in the Gabon Etame Field;
- net impairment reversal of the oil assets (refer to Note 11 and 12 of the Consolidated AFS)

Deferred oil exploration cost amounted to ₱355.951 million and ₱216.717 million as of March 31, 2023 and March 31, 2022, respectively. The 64.25% net increase is due to Etame Reconfiguration Project related to the switch from old Floating Production Storage and Offloading (FPSO) vessel to new Floating Storage and Offloading (FSO) vessel .

Contract assets net of current portion pertains to PSC's receivable from TransCo on FIT arrears, which is currently recorded at net present value since this will be collected over five (5) years. PSC's collection started in 2022. The 22.10% increase mainly pertains to the additional set-up of the FIT arrears during the period.

Investment in a joint venture refers to the remaining 40.00% shareholdings in PWEI and investment in three newly incorporated special purpose vehicles namely: BuhaWind Energy Northern Luzon Corporation, BuhaWind Energy Northern Mindoro Corporation and BuhaWind Energy East Panay Corporation. Bulk of the 3.02% net increase from ₱1.785 billion to ₱1.934 billion pertains to PGEC's additional investment in PWEI for Nabas 2 project. Movement in this account also includes share in net income generated by PWEI, net of dividends received during the period.

Right of use of asset – this resulted from the first time adoption of the new PFRS 16 – leases in 2019. The 4.69% decline pertains to the amortization of the account during the period.

The Investment properties-net account remains the same as of March 31, 2023.

Deferred tax assets – net refers to temporary deductible expenses and temporary taxable revenues such as accrued profit share, accretion expenses, accrued retirement liability, provision for probable losses, unrealized gains or losses and change in crude oil inventory. The movement pertains to timing differences in the recognition of said temporary deductible expenses.

Other non-current assets amounted to ₱499.780 million and ₱372.429 million as of March 31, 2023 and same period 2022. The 34.19% increase is due to the additions to Deferred Development Cost related to the exploration, development, production and expansion of renewable energy projects.

Accounts payable and accrued expenses decreased by 0.22% mainly due to payments of various payables and accrued expenses during the period.

Current portion of loan payable and Loans payable – net of current portion, net decline of 5.82% and 21.53% pertain to installment payments of loans, net of amortization of the deferred financing costs during the period.

Lease liabilities – current portion increased and **Lease liabilities –non-current portion** decreased mainly due to the reclassification of current portion for the period.

The decrease in the **Income tax payable** account mainly pertains to lower set-up of provision during the period due to lower taxable income of PERC as a result of utilization of NOLCO as additional deductible expenses for the period.

Asset retirement obligation amounted to ₱66.770 million and ₱95.124 million as of March 31, 2023 and March 31, 2022, respectively. The 29.81% decline pertains to updated actuarial computations at year-end 2022.

Other non-current liabilities pertain to the Group's accrued retirement liability account. Net decrease of 51.62% is mainly due to remittance of funds to the retirement fund account during the period.

Equity attributable to equity holders of the Parent Company amounted to ₱7.376 billion or ₱12.97 book value share and ₱5.754 billion or ₱10.12 book value per share as of March 31, 2023 and March 31, 2022, respectively. Bulk of the increase is mainly due to equity reserve (excess of consideration over carrying value of NCI sold) related to Kyuden's investment. The increase is also due to the continuous income generation from the Renewable Energy Operations and Oil operations.

Non-controlling interest (NCI) pertains to the following:

- 7.50% share of EEIPC in PetroGreen as of March 31, 2023; 10% as of March 31, 2022
- 14.53% share of Kyuden in PetroGreen as of December 31, 2022; nil as of March 31, 2022
- 25% direct share of Trans-Asia, the 10% direct share of PNOC-RC, and indirect share of Kyuden and EEIPC (32.50% of the 65% of PGEC) in MGI;
- 44% direct share of EEIPC, and indirect share of Kyuden and EEIPC (32.50% of 56% share of PGEC) in PSC;

Non-controlling interest increased by 89.34% from ₱2.812 billion to ₱5.324 billion due to investment of Kyuden and share in net income from RE projects.

<u>Key performance indicators</u>

– refer to the Schedule of Financial Soundness Indicators

Material Commitments

Aside from the committed developments of the prospective projects, there are no other foreseen material commitments during the period.

Productivity Program

The development of the prospective renewable energy projects will increase the Group's capacity and power generation, while the prospective four-well drilling program in Gabon Etame, aimed to sustain field production to above 20,000 BOPD.

Receivable Management
The group's receivables are mainly due from sale of electricity to AC Energy and Transco and crude oil in Etame Gabon, through the consortium operator. These are being recorded once sale is made. Payment is received every 30-45 days following each sale.

For electricity sales form TSPP and NWPP, the payment for the Actual FIT Revenue is sourced from the FIT-All Fund, specifically the Actual FIT Differential (FD) and the Actual Cost Recovery Revenue (ACRR). The FD is the difference between the Actual FIT Revenue and the ACRR and is collected from on-grid consumers as a uniform charge and applied to all billed kilowatt-hours. For FIT-Eligible RE Plants connected to the Wholesale Electricity Spot Market ("WESM"), the ACRR refers to the WESM proceeds remitted to the FIT-All Fund by the Independent Electricity Market Operator of the Philippines, Inc. ("IEMOP"), which took over the Philippine Electricity Market Corporation ("PEMC") as operator of the electricity spot market. PWEI and PSC regularly receive the both the ACRR and FD components within45 days after billing date.

PWEI and PSC manage this risk through proper and meticulous allocation of funds, proper timing of expenditures, employment of cost-cutting measures, and sourcing short-term funding requirements from local banks and investment houses or from affiliated companies.

For the twenty-one (21) years since oil production inception, there was no event that the buyer failed to remit the proceeds of the sale. However, the group is willing to look for another buyer should there be some problem that may happen in the future.

Liquidity Management
Management of liquidity requires a flow and stock perspective. Constraint such as political environment, taxation, foreign exchange, interest rates and other environmental factors can impose significant restrictions on firms in management of their financial liquidity.

The Group considers the above factors and pays special attention to its cash flow management. The Company identifies all its cash requirements for a certain period and invests unrestricted funds to money market placements to maximize interest earnings.
The Group does not anticipate any cash flow or liquidity problems within the next twelve (12) months. The Group is not in default of any, note, loan, lease, or other indebtedness or financing arrangement requiring it to make payments.

Inventory Management
The only inventory is the crude oil produced in Gabon. The buyer lifts certain volume and pays the same in 30 days. The operator sees to it that crude oil inventory does not reach 800,000 barrels at any one time to avoid overflow and to generate revenues to cover production costs.

Cost Reduction Efforts
In order to reduce costs, the Group employs a total of one hundred thirty nine (139) employees with multi-task assignments. The group also implements request for quotations to compare prices, quality of the products and services and negotiate the payment terms.

The Company's general and administrative expense is equivalent to 6.95% of the total revenue.

Rate of Return of Each Stockholder

The Company has no existing dividend policy. However, the Company intends to declare dividends in the future in accordance with the Corporation Code of the Philippines. Dividend declared for three (3) most recent years follows:

Date of Declaration	Dividends per Share		Record Date	Payment Date
	Cash	Stock		
July 04, 2013	5%		July 25, 2013	August 20, 2013
July 26, 2018	5%		August 24, 2018	September 20, 2018
July 28, 2022	5%		August 15, 2022	September 8, 2022

Financial Disclosures in view of the current global financial condition:

The Group Assess the financial risks exposures of the Company and its subsidiaries particularly on currency, interest credit, and market and liquidity risks. If any change thereof would materially affect the financial condition and results of operation of the Company, provide a discussion in the report on quantitative impact or such risks and include a description of enhancement in the company's risk management policies to address the same:

The Group's principal financial instruments include cash and cash equivalents, trading and investment securities (financial assets at FVPL) and receivables. The main purpose of these financial instruments is to fund the Company's working capital requirements.

Financial Risk Management Objectives and Policies.
Please refer to Note 22.

Operations Review and Business Outlook

A. OIL EXPLORATION

Foreign Operations

Gabon, West Africa

The daily oil production of the four oil fields (Ebouri, Etame, North Tchibala and Avouma) for the first quarter ranged from 14,486 to 20,217 barrels of oil per day (BOPD). The fluctuations in the daily production were due to temporary Etame Platform shutdowns in January 2023.

The total cargo lifted by the Consortium amounted to 0.90 million barrels of oil (MMBO). To date, the Etame Marin Field has already produced ~132 MMBO since inception in 2002.

Philippine Operations

Service Contract 14C2 – West Linapacan, Northwest Palawan

The SC 14C2 Consortium continues its farm out efforts to interested parties.

Service Contract 75 – Offshore Northwest Palawan

There have been no active exploration undertakings in the block since the DOE's declaration of Force Majeure in April 2022.

Summary of Petroleum Properties:

Contract No.	Contract Expiry	Participating Interest %	Location
Foreign Contract			
Production Sharing Contract (PSC) 93 – Gabon	2028	2.525%	Gabon Offshore
Philippine Service Contracts (SC)			
SC 14C2 – West Linapacan, Northwest Palawan	2025	4.137%	Northwest Palawan
SC 75 – Offshore Northwest Palawan	2025	15.000%	Northwest Palawan

The Company derives its petroleum revenues from its Gabon Operations. All contractual obligations with the Gabonese Government are complied with. One of the Company's petroleum Service Contracts in the Philippines (SC 75) is in exploration stage, and one (SC 14C2) contract is being farmed out to reduce risk inherent to the business.

B. RENEWABLE ENERGY PROJECTS

Maibarara Geothermal Power Project

The 20-MW Maibarara-1 (MGPP-1) and 12-MW Maibarara-2 (MGPP-2) Geothermal Power Plants are on continuous operations. From January 1 to March 31, 2023, the combined net exported output is 64,737.97 MWh (40,615.28 MWh from MGPP-1 and 24,122.69 MWh from MGPP-2).

The new production well MB-18D, with estimated steam flow of 37.1 kg/s, has been put online on November 10, 2022.

Nabas Wind Power Project

The 36-MW Nabas-1 Wind Power Plant (NWPP-1) of PetroWind Energy, Inc. (PWEI) has been operating normally, and for the period of January 1 – March 31, 2023, the total net energy exported to the grid reached 33,835.98 MWh.

For the 13.2-MW Nabas-2 Wind Power Project (NWPP-2), construction has commenced on January 13, 2023. As of March 31, 2023, Jetty construction is at 62%, while engineering design for the Balance of Plant is ongoing. The expected arrival of WTG major equipment would be by late June to early July 2023.

On January 18, 2023, PWEI filed an Application for Authority to Develop, Own and/or Operate the Dedicated Point-to Point Transmission Facilities to Connect the NWPP-2 to the NGCP's Transmission Line. PWEI is still awaiting the ERC's approval of the said application.

Tarlac Solar Power Project

The 50-MW_{DC} Tarlac-1 (TSPP-1) and 20-MW_{DC} Tarlac-2 (TSPP-2) Solar Power Plants are on continuous operations. The combined net exported output for the first quarter is 28.62 MWh (20.30 MWh from TSPP-1 and 8.32 MWh from TSPP-2).

Puerto Princesa Solar Power Project

PGEC is still awaiting the DOE's formal approval of the relinquishment of the Service Contract.

San Vicente Wind Power Project

One offtake option being considered is joining the planned Competitive Selection Process (CSP) of PALECO for its supply contract before the end of the year. PGEC is working on the project component costs to estimate the most likely bid price while waiting for the release of the Notice for Bidding. Meanwhile, PGEC has started the conduct of Distribution Impact Study for the connection of the windfarm to the PALECO grid.

Bugallon Solar Power Project

The Central Pangasinan Electric Cooperative (CENPELCO) has already approved PGEC's proposed connection to CENPELCO's distribution system via the Distribution Impact Study (DIS) for the Bugallon Solar Power Project (BSPP). The DIS has already been endorsed to the National Electrification Administration (NEA) on February 16, 2023 for approval. The NEA has not released its approval yet.

Dagohoy Solar Power Project

The System Impact Study for the project has commenced at the end of March 2023. Initial estimate for the approval of the SIS by NGCP is around August 2023.

In the meantime, PGEC has already started site development works, particularly, site clearing and grading and perimeter fencing, which are expected to be completed by August 2023. Over-all actual site development accomplishment is about 31.7%.

Plan of Operations for the next 12 months

Gabon, West Africa
Crude oil production will continue from existing wells as the Gabon Consortium is currently firming up the most feasible Integrated Field Development Plan (IFDP) to extract the remaining recoverable oil volumes.

SC 14C2 - West Linapacan, Northwest Palawan
Operator Philodrill will conduct further G&G activities to validate the feasibility of extracting the remaining recoverable volumes in West Linapacan.

SC 75 - Offshore Northwest Palawan
Subject to the Government's safety and security clearance over the prospect area, the SC 75 Consortium will proceed with the conduct of a ~1,000 sq.km 3D seismic survey over the identified leads in SC 75.

Maibarara Geothermal Power Project
Power generation from both Maibarara-1 and Maibarara-2 will continue.

Nabas Wind Power Project
The plant will be in continuous operation, while construction of the six WTGs for Phase 2 will continue.

Tarlac Solar Power Project
TSPP-1 and TSPP-2 will continue to supply electricity to the grid.

Enrique T. Yuchengco Bldg. Rooftop Solar Power Project (ETY)
The ETY rooftop solar facility will continue to supply electricity to the ETY building.

Bugallon Solar Power Project

PGEC to await NEA approval of the DIS for the BSPP, prior to proceeding with final negotiations for the construction contracts.

Dagohoy Solar Power Project
Early site development works will continue for the DSPP site while PGEC awaits the completion of the System Impact Study.

San Vicente Wind Power Project
PGEC will continue with initial feasibility studies for the SVWHPP consisting of: 1) Two-year wind measurement campaign, 2) LGU and regulatory permitting works, and 3) technical and economic feasibility works for a potential wind-hybrid system in San Vicente**.**

Offshore Wind Power Projects
PGEC and CE will continue with the pre-development Work Programs for the three (3) offshore wind blocks, namely 1) on-site wind measurement campaigns, 2) geophysical and geotechnical campaigns, 3) environmental permitting works, and 4) SIS applications for Northern Mindoro and East Panay blocks.

PART II – Other Information

The Company has no other information that need to be disclosed other than disclosures made under SEC Form 17-C (if any).

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SRC RULE 68

MARCH 31, 2023

Philippine Securities and Exchange Commission (SEC) issued the revised Securities Regulation Code Rule SRC Rule 68 which consolidates the two separate rules and labeled in the amendment as “Part I” and “Part II”, respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by Revised SRC Rule 68 that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets
The Group is not required to disclose the financial assets in equity securities as the total financial assets at fair value through profit and loss securities amounting to ₱7.54 million do not constitute 5% or more of the total current assets of the Group as at December 31, 2022.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
As of March 31, 2023, there are no amounts receivable from directors, officers, employees, related parties and principal stockholders that aggregates each to more than ₱100,000 or 1% of total assets which-ever is less.

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

The following is the schedule of receivables from related parties, which are eliminated in the consolidated financial statements as at March 31, 2022:

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts written off	Not Current	Balance at end of period
PetroGreen Energy Corporation	₱326,444	₱778,027	₱–	₱–	₱–	₱1,104,471
Maibarara Geothermal, Inc.	924,276	730,000	1,255,162	–	–	399,114
PetroSolar Corporation	239,807	767,773	998,240	–	–	9,340
	₱1,490,527	₱2,275,800	₱2,253,402	₱–	₱–	₱1,512,925

Schedule D. Long-term Debt
Please refer to the Consolidated Audited Financial Statement, Note 18 for details of the loans.

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)
The Group has no outstanding long-term indebtedness to related parties as of Marc 31, 2023.

Schedule F. Guarantees of Securities of Other Issuers
The Group does not have guarantees of securities of other issuers as of March 31, 2023.

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of Shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	700,000,000	568,711,842	–	165,468,725	6,029,534	397,213,583

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF MARCH 31, 2023, MARCH 31, 2022 and DECEMBER 31, 2022

Financial Soundness Indicators
Below are the financial ratios that are relevant to the Group for the period ended March 31, 2023, March 31, 2022 and December 31, 2022:

Financial ratios	**Formula**	**Unaudited 31-Mar-2023**	**Unaudited 31-Mar-2022**	**Audited 31-Dec-2022**
Current ratio	Total current assets / Total current liabilities	**3.99:1**	**1.97:1**	**3:50:1**
Solvency ratio	After tax net profit + depreciation / Long-term + short-term liabilities	**0.11:1**	**0.08:1**	**0.32:1**
Debt-to-Equity Ratio	Total liabilities / Total stockholder's equity	**0.34:1**	**0.59:1**	**0.36:1**
Asset-to-Equity Ratio	Total assets / Total stockholder's equity	**1.34:1**	**1.59:1**	**1.36:1**
Interest rate coverage ratios	Earnings before interest and taxes (EBIT) / Interest expense*	**6.17:1**	**4.65:1**	**4.05:1**
Return on revenue	Net income / Total revenue	**55.91%**	**42.64%**	**33.83%**
Earnings per share	Net income / Weighted average no. of shares	**₱0.035**	**₱0.3112**	**₱0.9645**
Price Earnings Ratio	Closing price / Earnings per share	**₱14.93**	**₱15.43**	₱4.98
Long term debt-to-equity ratio	Long term debt / Equity	**0.23:1**	**0.43:1**	**0.24:1**
EBITDA to total interest paid	EBITDA** / Total interest paid	**8.38**	**24.65**	**4.94**

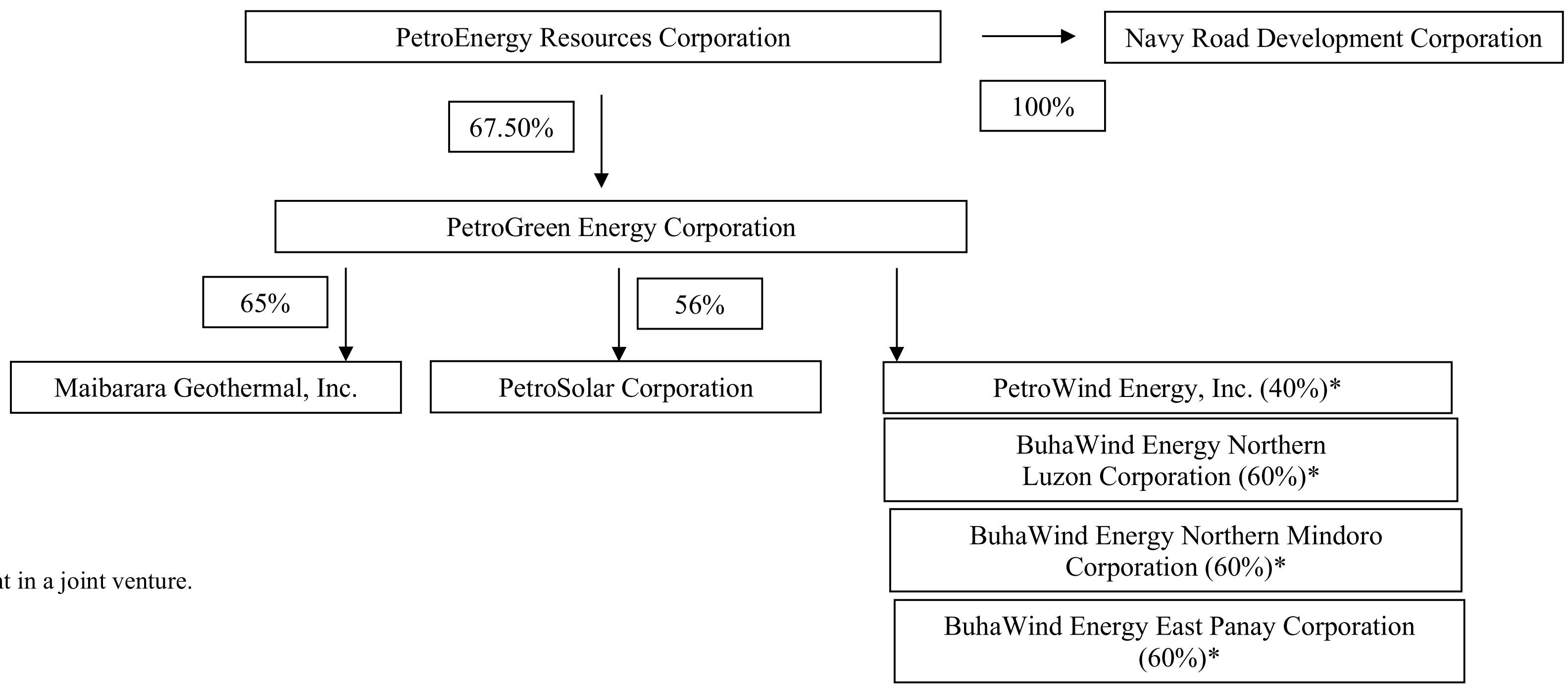
**Interest expense is capitalized as part of the construction-in-progress account under PPE.*
***Earnings before interest, taxes, depreciation and amortization (EBITDA)*

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

Group Structure
Below is a map showing the relationship between and among the Group and its subsidiaries as of March 31, 2023:

PETROENERGY RESOURCES CORPORATION

GROUP STRUCTURE



*Investment in a joint venture.

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
MARCH 31, 2023

Unappropriated retained earnings, beginning	₱251,413,711
Prior year adjustments:	
Recognized gross deferred income tax assets, beginning	(14,734,652)
Unrealized marked-to-market gain on FVTPL	(4,136,777)
Unappropriated retained earnings, as adjusted, January 1, 2022	232,542,282
Net income for the year	22,099,901
Movement in gross deferred tax assets	–
Unrealized foreign exchange loss - net (except those attributable to cash and cash equivalents)	1,803,924
Fair value adjustment - marked-to-market loss	394,344
Net income actual/realized	24,298,169
Less dividend declaration	–
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, DECEMBER 31, 2022	₱256,840,451

PETROENERGY RESOURCES CORPORATION
REPORT ON SRO PROCEEDS
March 31, 2023

On July 26, 2017, at the BOD meeting, the Parent Company was authorized to raise approximately one billion pesos (₱1,000,000,000) in capital, by offering and issuing to all eligible stockholders as of record date, the rights to subscribe up to all of the existing unissued common shares of the Parent Company (" Stock Rights Offer").

On September 29, 2017, the Parent Company filed its application for the listing and trading of rights shares with the PSE. On December 13, 2017, the PSE approved the application to list the Rights Shares.

The rights offer entitled eligible stockholders as of record date of January 12, 2018 to subscribe to one rights share for every 2.6 shares held at an offer price of ₱4.80 per share.

The rights offer was undertaken in January 22 to 26, 2018. Following the close of the offer period, the Parent Company successfully completed the stock rights offer for 157,975,512 common shares with gross proceeds of ₱758.28 million and was subsequently listed on the PSE on February 2, 2018.

The proceeds from the stock rights offer will be used for the development and expansion plans of the Group's renewable energy projects and general corporate requirements.

The table below shows the gross and net proceeds; each expenditure item where the proceeds were used:

Proceeds from the Stock Rights Offering			
Gross Proceeds			PhP758,282,458
Less: Listing and Registration Fees			5,988,316
Net Proceeds			**PhP752,294,142**
		2023	**Total**
	From inception to 31-Dec-22	**1st Quarter 31-Mar-23**	
Less: Expenditures			
A. Development and expansion of Renewable Energy Projects	370,129,536	-	370,129,536
B. General and Corporate requirements	36,774,276	-	36,774,276
C. Loans and Interest	190,875,542	154,514,788	345,390,330
Total Expenses Allocated to Proceeds	597,779,354	154,514,788	**752,294,142**
Remaining proceeds as of March 31, 2023			**Php -**

SIGNATURES

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

Registrant	:	**PETROENERGY RESOURCES CORPORATION**
Signature and Title	:	Milagros V. Reyes - President
Signature and Title	:	Maria Cecilia L. Diaz De Rivera – Chief Finance Officer
Date	:	May 15, 2023