COVER SHEET
for
SEC FORM 17-Q

SEC Registration Number

A S O 9 4 - 8 8 1 1

Company Name

PHINMA PETROLEUM AND GEOTHERMAL INC AND A SUBSIDIARY (formerly TRANS ASIA PETROLEUM CORPORATION)

Principal Office (No./Street/Barangay/City/Town/Province)

LEVEL 11 PHINMA PLAZA, 39 PLAZA DRIVE, ROCKWELL CENTER, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	NA	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.transasia-energy.com	8700-100	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
2,957	04/23	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mariejo P. Bautista	mpbautista@phinma.com.ph	8700-100	

Contact Person's Address

Level 11 PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2017**

2. Commission identification number **AS094-8811**

3. BIR Tax Identification No. **004-500-964-000**

4. Exact name of issuer as specified in its charter **PHINMA PETROLEUM AND GEOTHERMAL, INC.**

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

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

7. Address of issuer's principal office Postal Code
Level 11 Phinma Plaza, 39 Plaza Drive, Rockwell Center, Makati City, 1210

8. Issuer's telephone number, including area code **(632) 870-0100**

9. Former name, former address and former fiscal year, if changed since last report
TRANS-ASIA PETROLEUM CORPORATION

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

Number of shares of common stock outstanding	**250,000,000 shares**
Amount of debt outstanding	**NIL**

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

Yes [X] No [ ]

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

12. Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to attached ANNEX "A"

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

Please refer to attached ANNEX "B"

PART II--OTHER INFORMATION

Please refer to attached ANNEX "C"

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on August 11, 2017.

PHINMA PETROLEUM AND GEOTHERMAL, INC.
(formerly Trans-Asia Petroleum Corporation)

Raymundo A. Reyes Jr.
RAYMUNDO A. REYES, JR.
Executive Vice President and COO

MARIEJO P. BAUTISTA
SVP-Finance and Controller

ANNEX A

PHINMA Petroleum and Geothermal, Inc. and A Subsidiary
(A Subsidiary of PHINMA Energy Corporation)

Unaudited Interim Consolidated Financial Statements
June 30, 2017 (With comparative audited figures as at December 31, 2016)
and the Six Months and Three Months Ended June 30, 2017 and 2016

PHINMA PETROLEUM AND GEOTHERMAL, INC. AND A SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

	June 30	December 31
	2017	2016
	Unaudited	Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱3,242,776**	₱3,752,652
Investments held for trading (Notes 5 and 15)	**81,039,781**	85,677,433
Receivables (Notes 6 and 15)	**72,129**	203,428
Prepaid expenses	**24,399**	82,843
Total Current Assets	**84,379,085**	89,716,356
Noncurrent Assets		
Property and equipment (Note 7)	**56,586**	103,740
Deferred exploration costs (Note 8)	**80,324,081**	80,034,927
Total Noncurrent Assets	**80,380,667**	80,138,667
TOTAL ASSETS	**₱164,759,752**	₱169,855,023
LIABILITIES AND EQUITY		
Current Liability		
Accounts payable and other current liabilities (Note 9)	**₱216,125**	₱772,927
Noncurrent Liability		
Deferred income tax liability (Note 12)	**53,818**	239,376
Total Liabilities	**269,943**	1,012,303
Equity		
Attributable to Equity Holders of the Parent Company:		
Capital stock (Note 11)	**250,000,000**	250,000,000
Deficit	**(87,910,256)**	(83,567,059)
	162,089,744	166,432,941
Non-controlling interest (Note 14)	**2,400,065**	2,409,779
Total Equity	**164,489,809**	168,842,720
TOTAL LIABILITIES AND EQUITY	**₱164,759,752**	₱169,855,023

See accompanying Notes to Consolidated Financial Statements.

PHINMA PETROLEUM AND GEOTHERMAL, INC. AND A SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended June 30		Six Months Ended June 30	
	2017	**2016**	**2017**	**2016**
INTEREST INCOME (Note 4)	**₱4,831**	₱3,420	**₱6,930**	₱5,651
EXPENSES				
Employee costs	**1,179,842**	1,391,216	**2,469,287**	2,557,166
Management and professional fees (Note 10)	**663,741**	680,989	**1,120,694**	1,144,761
Filing and registration fees	**1,020**	8,206	**267,957**	263,844
Supplies	**309,906**	52,225	**541,091**	231,948
Utilities	**52,918**	24,000	**217,857**	81,439
Meetings	**3,132**	3,996	**220,623**	21,348
Depreciation (Note 7)	**13,204**	7,877	**41,496**	36,169
Taxes and licenses	–	–	**27,706**	19,650
Insurance (Note 10)	–	–	**18,813**	1,122
Transportation	**63,166**	68,273	**65,593**	69,543
Others	**60,371**	50,382	**151,625**	117,787
	2,347,300	2,287,164	**5,142,742**	4,544,777
OTHER INCOME (CHARGES)				
Gains on changes in fair value of investments held for trading - net (Note 5)	**284,620**	476,913	**594,659**	801,050
Foreign exchange gains (losses) - net	**1,537**	371	**2,684**	(1,181)
	286,157	477,284	**597,343**	799,869
LOSS BEFORE INCOME TAX	**2,056,312**	1,806,460	**4,538,469**	3,739,257
PROVISION FOR (BENEFIT FROM) DEFERRED INCOME TAX (Note 12)				
Deferred	**(185,903)**	3,401	**(185,558)**	3,401
	(185,903)	3,401	**(185,558)**	3,401
NET LOSS	**₱1,870,409**	₱1,809,861	**₱4,352,911**	₱3,742,658
Net Loss Attributable to:				
Equity holders of the Parent Company	**₱1,867,753**	₱1,810,808	**₱4,343,197**	₱3,740,927
Non-controlling interest (Note 14)	**2,657**	(947)	**9,714**	1,731
	₱1,870,409	₱1,809,861	**₱4,352,911**	₱3,742,658
Basic/Diluted Loss Per Share (Note 13)	**₱0.008**	₱0.007	**₱0.017**	₱0.015

See accompanying Notes to Consolidated Financial Statements.

PHINMA PETROLEUM AND GEOTHERMAL, INC. AND A SUBSIDIARY

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	**2017**	2016
NET LOSS	**₱1,870,409**	₱1,809,861	**₱4,352,911**	₱3,742,658
OTHER COMPREHENSIVE INCOME	–	–	–	–
TOTAL COMPREHENSIVE LOSS	**₱1,870,409**	₱1,809,861	**₱4,352,911**	₱3,742,658
Attributable to:				
Equity holders of the Parent Company	**₱1,867,753**	₱1,810,808	**₱4,343,197**	₱3,740,927
Non-controlling interest (Note 14)	**2,657**	(947)	**9,714**	1,731
	₱1,870,409	₱1,809,861	**₱4,352,911**	₱3,742,658

See accompanying Notes to Consolidated Financial Statements.

PHINMA PETROLEUM AND GEOTHERMAL, INC. AND A SUBSIDIARY

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

	Attributable to Equity Holders of the Parent Company				
	Capital Stock (Note 11)	Deficit	Total	Non-controlling Interest (Note 14)	Total Equity
BALANCES AT JANUARY 1, 2017	**₱250,000,000**	**(₱83,567,059)**	**₱166,432,941**	**₱2,409,779**	**₱168,842,720**
Net loss for the period	–	**(4,343,197)**	**(4,343,197)**	**(9,714)**	**(4,352,911)**
BALANCES AT JUNE 30, 2017	**₱250,000,000**	**(87,910,256)**	**₱162,089,744**	**₱2,400,065**	**₱164,489,809**
BALANCES AT JANUARY 1, 2016	₱250,000,000	(₱43,256,854)	₱206,743,146	₱2,415,557	₱209,158,703
Net loss for the period	–	(3,740,927)	(3,740,927)	(1,731)	(3,742,658)
BALANCES AT JUNE 30, 2016	₱250,000,000	(₱46,997,781)	₱203,002,219	₱2,413,826	₱205,416,045

See accompanying Notes to Consolidated Financial Statements.

PHINMA PETROLEUM AND GEOTHERMAL, INC. AND A SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the six months ended June 30	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱4,538,469)**	(₱3,739,257)
Adjustment for:		
Gains on changes in fair value of investments held for trading - net (Note 5)	**(594,659)**	(736,511)
Interest income (Note 4)	**(6,930)**	(5,651)
Depreciation (Note 7)	**47,154**	56,587
Unrealized foreign exchange (gain) loss - net	**(2,872)**	131
Operating loss before working capital changes	**(5,095,776)**	(4,424,701)
Decrease (increase) in:		
Receivables	**131,143**	(11,470)
Prepaid expenses	**58,444**	(72,844)
Increase (decrease) in accounts payable and other current liabilities	**(556,802)**	(116,281)
Interest income received	**7,086**	6,094
Net cash flows used in operating activities	**(5,455,905)**	(4,619,202)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from redemption of investments held for trading	**5,232,311**	4,855,000
Additions to:		
Deferred exploration costs (Note 8)	**(289,154)**	(1,295,771)
Net cash flows from (used in) investing activities	**4,943,157**	3,559,229
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(512,748)**	(1,059,973)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**2,872**	(131)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 4)	**3,752,652**	4,456,177
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱3,242,776**	₱3,396,073

See accompanying Notes to Consolidated Financial Statements.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

PHINMA Petroleum and Geothermal, Inc. (Formerly Trans-Asia Petroleum Corporation) (PHINMA Petroleum or the Parent Company) and Palawan55 Exploration & Production Corporation (Palawan55 or the Subsidiary), collectively referred to as "the Company", were incorporated in the Philippines on September 28, 1994 and November 16, 2012, respectively, to engage in oil and gas exploration, exploitation and production. Palawan55 is 69.35% owned by the Parent Company. The Parent Company and its subsidiary are 50.74% and 30.65% directly owned, respectively, by PHINMA Energy Corporation (PHINMA Energy), formerly Trans-Asia Oil and Energy Development Corporation. The ultimate parent company is Philippine Investment Management (PHINMA), Inc. PHINMA Energy and PHINMA, Inc. are both incorporated and domiciled in the Philippines. Both PHINMA Petroleum and Palawan55 have not yet started commercial operations as at August 9, 2017.

On March 3, 2017, the Board of Directors (BOD) of the Parent Company approved the amendment of its Articles of Incorporation to change the Parent Company's corporate name to PHINMA Petroleum and Geothermal, Inc. and to include in its Primary and Secondary Purposes the exploration and development of geothermal resources. The resolutions were approved by the stockholders on April 10, 2017. The SEC issued the Certificate of Amended Articles of Incorporation, dated May 31, 2017, while the BIR issued an amended Certificate of Registration, dated June 14, 2017 for the change in name of the Parent Company.

The registered office address of the Parent Company is Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City.

The consolidated financial statements were approved and authorized for issuance by the Parent Company's Board of Directors meeting on August 9, 2017.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation
The interim consolidated financial statements of the Company for the semester ended June 30, 2017 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at December 31, 2016.

The interim consolidated financial statements have been prepared on a historical cost basis, except for investments held for trading that are measured at fair value. The interim consolidated financial statements are presented in Philippine peso (Peso), which is the Parent Company's functional and presentation currency. All values are rounded off to the nearest Peso, except when otherwise indicated.

Basis of Consolidation

The interim consolidated financial statements comprise the interim financial statements of the Parent Company and its subsidiary, Palawan55, as at June 30, 2017 and December 31, 2016. The interim financial statements of Palawan55 are prepared for the same reporting period as the Parent Company, using consistent accounting policies. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

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

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

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

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

If the Company loses control over the Subsidiary, it derecognizes the related assets (including goodwill), liabilities, NCI and other components of equity while any resultant gain or loss is recognized in the consolidated statement of income. Any investment retained is recognized at fair value.

NCI represents the interest in the Subsidiary not held by the Parent Company, and are presented separately in the consolidated statement of income and consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to holders of the Parent Company.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2016, except for the adoption of the following amendments and improvements to the PAS which became effective for annual periods beginning on or after January 1, 2017. The adoption of these amendments and improvements did not have significant impact on the Company's interim condensed consolidated financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Effective beginning on or after January 1, 2017

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

- Amendments to PAS 7, *Statement of Cash Flows*, *Disclosure Initiative*

  The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

  Application of the amendments will result in additional disclosure in the 2017 consolidated financial statements of the Company.

- Amendments to PAS 12, *Income Taxes*, *Recognition of Deferred Tax Assets for Unrealized Losses*

  The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

  Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment*, *Classification and Measurement of Share-based Payment Transactions*

  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

  On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

- Amendments to PFRS 4, *Insurance Contracts*, *Applying PFRS 9, Financial Instruments, with PFRS 4*

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in OCI, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

  The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

  The amendments are not applicable to the Company since none of the entities within the Company have activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

  The Company is currently assessing the impact of adopting PFRS 15.

- PFRS 9, *Financial Instruments*

  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  The Company is currently assessing the impact of adopting this standard.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*

  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their consolidated statements of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

The Company is currently assessing the impact of adopting PFRS 16.

Deferred effectivity

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

3. Significant Accounting Judgments and Estimates

The Company's interim consolidated financial statements prepared in accordance with PFRS require management to make a judgment and estimates that affect the amounts reported in the interim consolidated financial statements and related notes. In preparing the Company's interim consolidated financial statements, management has made its best estimate and judgment of certain amounts, giving due consideration to materiality.

The estimates and judgments used in the accompanying interim consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the interim consolidated financial statements. Actual results could differ from such estimates.

Judgment

Determining and Classifying a Joint Arrangement. Judgment is required to determine when the Company has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Company has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement. Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Company to assess their rights and obligations arising from the arrangement. Specifically, the Company 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 Company also considers the rights and obligations arising from:

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

This assessment often requires significant judgment, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting. As at June 30, 2017 and December 31, 2016, the Company's SCs are assessed as joint arrangements in the form of a joint operation.

Estimates

Impairment of Deferred Exploration Costs. The carrying value of deferred exploration costs is reviewed for impairment by management when there are indications that the carrying amount exceeds the recoverable amount.

Deferred exploration costs are assessed for impairment when:
- the period for which the Company has the right to explore in the specific area has expired during the period 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 Company has decided to discontinue such activities in the specific area; or
- sufficient data exists 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 Company has no provision impairment loss on its deferred exploration costs as at June 30, 2017 and 2016. The carrying value of deferred exploration costs amounted to ₱80,324,081 and ₱80,034,927 as at June 30, 2017 and December 31, 2016, respectively (see Note 8).

Realizability of Deferred Income Tax Asset. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that sufficient taxable income will be generated to allow all or part of the deferred income tax assets to be utilized.

Unrecognized deferred income tax assets as at June 30, 2017 and December 31, 2016 amounted to ₱21,537,126 and 20,353,311, respectively (see Note 12).

Estimating Allowance for Doubtful Accounts for the Receivable from a Third Party. The Company maintains allowance for doubtful accounts based on the results of the individual assessment under PAS 39. Under the individual assessment, the Company considers the significant financial difficulties of the customer or significant delays in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on age and status of financial asset, as well as historical loss experience. The methodology and assumptions used for the impairment assessment are based on management's judgments and estimates. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year. No provision for doubtful accounts was recognized as at June 30, 2017 and 2016. The carrying value of receivables amounted to ₱72,129 and ₱203,428 as at June 30, 2017 and December 31, 2016, respectively (see Note 6).

4. Cash and Cash Equivalents

	June 30, 2017	December 31, 2016
Cash on hand and in banks	**₱1,681,981**	₱2,197,319
Short-term deposits	**1,560,795**	1,555,333
	₱3,242,776	₱3,752,652

Cash in banks earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

Interest income on cash and short-term deposits amounted to ₱6,930 and ₱5,651 as at June 30, 2017 and June 30, 2016, respectively.

5. Investments Held for Trading

Investments held for trading consist of investments in UITFs amounting to ₱81,039,781 and ₱85,677,433 as at June 30, 2017 and December 31, 2016, respectively. The changes in fair value on investments held for trading amounted to a net gain of ₱594,659 and ₱801,050 as at June 30, 2017 and June 30, 2016, respectively.

6. Receivables

This account consists of the following:

	June 30, 2017	December 31, 2016
Current:		
Trade receivables	**₱30,109**	₱30,109
Receivable from a third party (see Note 8)	**20,000,000**	20,000,000
Due from related parties (see Note 10)	**–**	141,143
Others	**42,020**	32,176
	20,072,129	20,203,428
Less: Allowance for a doubtful account	**20,000,000**	20,000,000
	₱72,129	₱203,428

The aging analysis of receivables is as follows:

	June 30, 2017						
			Past Due but not Impaired				
	Total	**Neither Past Due nor Impaired**	**<30 Days**	**30–60 Days**	**61–90 Days**	**Over 90 Days**	**Past Due and Impaired**
Trade receivables	**₱30,109**	**₱–**	**₱–**	**₱–**	**₱–**	**₱30,109**	**₱–**
Receivable from a third party	**20,000,000**	**–**	**–**	**–**	**–**	**–**	**20,000,000**
Others	**42,020**		**12,898**			**29,122**	**–**
	₱20,072,129	**₱**	**₱12,898**	**₱–**	**₱–**	**₱59,231**	**₱20,000,000**

	December 31, 2016						
		Neither Past	Past Due but not Impaired				
	Total	Due nor Impaired	<30 Days	30–60 Days	61–90 Days	Over 90 Days	Past Due and Impaired
Trade receivables	₱30,109	₱–	₱–	₱–	₱–	₱30,109	₱–
Receivable from a third party	20,000,000	–	–	–	–	–	20,000,000
Due from related Parties	141,143	141,143	–	–	–	–	–
Others	32,176	15,176	–	–		17,000	–
	₱20,203,428	₱156,319	₱–	₱–	₱–	₱47,109	₱20,000,000

Trade receivables mainly represent return of cash call from the service contract operator. The Company's receivables are noninterest-bearing and are due and demandable.

There was no movement in the allowance for doubtful account in 2017.

7. Property and Equipment

Details and movement of this account follow:

	June 30, 2017		
	Equipment	**Miscellaneous Assets**	**Total**
Cost -			
Balance at beginning and end of year	**₱245,000**	**₱94,515**	**₱339,515**
Less accumulated depreciation:			
Balance at beginning of year	**170,145**	**65,630**	**235,775**
Depreciation expense	**34,027**	**13,127**	**47,154**
Balance at end of period	**204,172**	**78,757**	**282,929**
Net book value	**₱40,828**	**₱15,758**	**₱56,586**

	December 31, 2016		
	Equipment	Miscellaneous Assets	Total
Cost -			
Balance at beginning and end of year	₱245,000	₱94,515	₱339,515
Less accumulated depreciation:			
Balance at beginning of year	88,478	34,125	122,603
Depreciation expense	25,521	24,416	49,937
Depreciation capitalized (see Note 8)	56,146	7,089	63,235
Balance at end of year	170,145	65,630	235,775
Net book value	₱74,855	₱28,885	₱103,740

8. **Deferred Exploration Costs**

Details of deferred exploration costs are as follows:

	June 30, 2017	December 31, 2016
PHINMA Petroleum:		
SC 51/Geophysical Survey and Exploration Contract (GSEC) 93 (East Visayas)	**₱32,665,864**	₱32,665,864
SC 69 (Camotes Sea)	**15,531,019**	15,473,702
SC 6 (Northwest Palawan):		
Block A	**21,289,972**	21,289,973
Block B	**5,124,016**	4,892,178
SC 50 (Northwest Palawan)	**11,719,085**	11,719,085
	86,329,956	86,040,802
Less: Allowance for a probable loss	**11,719,085**	11,719,085
	74,610,871	74,321,717
Palawan55 -		
SC 55 (Southwest Palawan)	**5,713,210**	5,713,210
	₱80,324,081	₱80,034,927

Below is the rollforward analysis of the deferred exploration costs:

	June 30, 2017	December 31, 2016
Cost:		
Balances at beginning of year	**₱91,754,012**	₱89,129,867
Additions:		
Cash calls	**231,837**	2,235,703
Others	**57,317**	388,442
Balance at end of year	**92,043,166**	91,754,012
Allowance for a probable loss:		
Balances at beginning of year	**11,719,085**	–
Provisions	–	11,719,085
Balance at end of year	**11,719,085**	11,719,085
Net book value	**₱80,324,081**	₱80,034,927

The foregoing deferred exploration costs represent the Company's share in the expenditures incurred under petroleum SCs with the DOE. The contracts provide for certain minimum work and expenditure obligations and the rights and benefits of the contractor. Operating agreements govern the relationship among co-contractors and the conduct of operations under an SC.

The Company capitalized its share in various expenses to deferred exploration costs due to its operatorship in SC 69. Expenses capitalized were salaries and wages amounting to ₱44,645 and ₱262,343, depreciation expense amounting to ₱5,658 and ₱63,235 and other expenses with a total amount of ₱7,014 and ₱62,864 as at June 30, 2017 and December 31, 2016, respectively. Total costs capitalized amounted to ₱57, 317 and ₱388,442 as at June 30, 2017 and December 31, 2016. Costs capitalized are included in the current work program for SC 69.

In 2016, the Company assessed and fully provided for probable losses for deferred exploration costs pertaining to SC 50 amounting to ₱11,719,085 due to the expiration of its term and subsequent denial of the DOE of the request for Force Majeure. No impairment was recognized for the other SCs as management believes that extensions and moratoriums requested that are pending approval by the Philippine Department of Energy (DOE) as of August 9, 2017 will be eventually approved based on prior years' experience.

Refer to Annex B-1 for the status of the Company's projects.

9. **Accounts Payable and Other Current Liabilities**

This account consists of:

	June 30, 2017	December 31, 2016
Accounts payable	**₱19,400**	₱38,800
Accrued expenses	**74,001**	391,383
Withholding taxes	**116,893**	336,913
Others	**5,831**	5,831
	₱216,125	₱772,927

Accounts payable and other current liabilities are noninterest-bearing and are settled on 30 to 60-day terms.

Accrued expenses include accrual for professional fees and incentive pay.

10. **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely its legal form.

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables.

The transactions and balances of accounts as at June 30, 2017 and for the year ended December 31, 2016 with related parties are as follows:

	For the six months ended June 30, 2017				
Company	Amount/ Volume	Nature	Outstanding Balance	Terms	Conditions
Ultimate Parent Company					
PHINMA, Inc.					
Accounts payable and other current liabilities	**₱49,975**	Share in expenses	**₱–**	30–60 day terms; noninterest-bearing	Unsecured
Parent Company					
PHINMA Energy					
Receivables (see Note 6)	**153,643**	Accommodation	–	30–60 day terms; noninterest-bearing	Unsecured, no impairment
Payables	**744,060**	Accommodation	–	30–60 day terms; noninterest-bearing	Unsecured
TO-Insurance					
Accounts payable and other current liabilities	**₱1,014**	Insurance	–	30–60 day terms; noninterest-bearing	Unsecured

	For the year Ended December 31, 2016				
Company	Amount/ Volume	Nature	Outstanding Balance	Terms	Conditions
Ultimate Parent Company					
PHINMA, Inc.					
Accounts payable and other current liabilities	₱56,074	Share in expenses	₱–	30–60 day terms; noninterest-bearing	Unsecured
Parent Company					
PHINMA Energy					
Receivables (see Note 6)	141,143	Accommodation	141,143	30–60 day terms; noninterest-bearing	Unsecured, no impairment
Others	373,425	Purchase of dollar	–	30–60 day terms; noninterest-bearing	Unsecured
Entity Under Common Control					
PHINMA Corporation					
Accounts payable and other current liabilities	₱54,229	Share in expenses	–	30–60 day terms; noninterest-bearing	Unsecured

PHINMA, Inc.
The Company has a management contract with PHINMA, Inc. up to January 1, 2018, renewable thereafter upon mutual agreement. Under this contract, PHINMA, Inc. has a general management authority with corresponding responsibility over all operations and personnel of the Company including planning, direction, and supervision of all the operations, and other business activities. Under the existing agreement, the Company pays PHINMA, Inc. a fixed monthly management fee plus an annual incentive based on a certain percentage of the Company's net income. On February 23, 2016, the Company's BOD approved the suspension of the management contract for 2016. PHINMA, Inc. also bills the Company for its share in expenses.

PHINMA Energy
The Company pays various expenses through the Parent Company's banking facilities and accommodation of expenses.

PHINMA Corporation
PHINMA Corporation is likewise controlled by PHINMA, Inc. through a management agreement. PHINMA Corporation bills the Company for its share in expenses.

T-O Insurance
T-O Insurance is likewise controlled by PHINMA, Inc. through a management agreement. The Company insures its properties through T-O Insurance.

11. Capital Stock

Following are the details of the Parent Company's capital stock as at June 30, 2017 and December 31, 2016:

	Number of Shares
Authorized - ₱1 par value	1,000,000,000
Issued and outstanding - ₱1 par value	250,000,000

12. **Income Taxes**

a. The Company has no current income tax in June 30, 2017 and June 30, 2016.

b. The reconciliation of the Company's provision for (benefit from) income tax using the statutory tax rate is as follows:

	For the six months ended June 30,	
	2017	2016
Income tax at statutory rate	**(₱1,361,540)**	(₱1,121,777)
Tax effects of:		
Movement in temporary differences, NOLCO and MCIT for which no deferred income tax assets were recognized	**1,183,814**	1,367,188
Effect of difference in tax rates	**60,222**	–
Realized gains on changes in fair value of investments held for trading	**(65,975)**	(240,315)
Interest income subject to final tax	**(2,079)**	(1,695)
	(₱185,558)	₱3,401

c. The Company recognized benefit from deferred income tax amounting to ₱185,558 for the period ended June 30, 2017 and provision for income tax amounting to ₱3,401 in June 30, 2016.

d. Deferred income tax liability amounted to ₱53,818 and ₱239,376 as at June 30, 2017 and December 31, 2016, respectively, from unrealized gain on changes in fair value of investments held for trading and unrealized foreign exchange gain.

Deferred income tax assets related to the following temporary differences, NOLCO and excess of MCIT over RCIT were not recognized because management believes that it is not probable that sufficient future taxable income will be available to allow deferred income tax assets to be utilized.

	June 30, 2017	December 31, 2016
NOLCO	**₱40,056,851**	₱36,110,803
Provision for doubtful account (see Note 6)	**20,000,000**	20,000,000
Provision for probable loss (see Note 8)	**11,719,085**	11,719,085
MCIT	**3,754**	3,754
Unrealized foreign exchange (gains) losses	**1,970**	1,970
	₱71,781,660	₱67,835,612

Unrecognized deferred income tax assets amounted to ₱21,537,126 and ₱20,353,311 as at June 30, 2017 and December 31, 2016.

e. The details of the Company's MCIT and NOLCO as at June 30, 2017 follows:

Year Incurred	Year of Expiration	MCIT	NOLCO
2014	2017	–	₱14,498,595
2015	2018	–	11,936,182
2016	2019	3,754	9,676,026
2017	2020	–	3,946,048
		₱3,754	₱40,056,851

No deferred income tax asset was recognized as at June 30, 2017 and December 31, 2016, respectively.

13. Basic/Diluted Loss Per Share

Basic/diluted loss per share is computed as follows:

	For the six months ended June 30	
	2017	2016
(a) Net loss attributable to equity holders of the Parent Company	**₱4,343,197**	₱3,740,927
(b) Weighted average number of common shares outstanding	**250,000,000**	250,000,000
Basic/diluted loss per share (a/b)	**₱0.017**	₱0.015

As at June 30, 2017 and 2016, the Company does not have any potential common share nor other instruments that may entitle the holder to common shares. Hence, diluted EPS is the same as basic EPS.

14. Material Partly-Owned Subsidiary

Financial information of Palawan55 is provided below:

	For the six months ended June 30	
	2017	2016
Equity interest held by NCI	**30.65%**	30.65%
Accumulated balances of NCI	**₱2,400,065**	₱2,413,826
Net loss for the year allocated to NCI	**9,714**	1,731

The summarized financial information of Palawan55 is provided below. There are no intercompany transactions and balances for eliminations between the Parent Company and Palawan55.