111132015002022

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

Barcode Page

The following document has been received:

Receiving Officer/Encoder : Josefina A. Gramata
Receiving Branch : SEC Head Office
Receipt Date and Time : November 13, 2015 04:24:13 PM
Received From : Head Office

Company Representative

Doc Source

Company Information

SEC Registration No.	AS94008811
Company Name	TRANS-ASIA PETROLEUM CORPORATION
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	111132015002022
Document Type	17-Q (FORM 11-Q:QUARTERLY REPORT/FS)
Document Code	17-Q
Period Covered	September 30, 2015
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET
for
SEC FORM 17-Q

SEC Registration Number

A	S	O	9	4	-	8	8	1	1	

Company Name

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY

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

L11 FLOOR, 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
2,996	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: 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.

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 **September 30, 2015**

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 **TRANS-ASIA PETROLEUM CORPORATION**

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

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 November 09, 2015.

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

Trans-Asia Petroleum Corporation and A Subsidiary
(A Subsidiary of Trans-Asia Oil and Energy Development Corporation)

Consolidated Financial Statements
September 30, 2015 and December 31, 2014
and Nine months Ended September 30, 2015 and 2014

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS

	September 30,2015 (Unaudited)	December 31, 2014 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱4,650,454**	₱42,808,622
Investments held for trading (Note 5)	**98,807,861**	70,471,867
Receivables (Note 6)	**53,130**	895,389
Total Current Assets	**103,511,445**	114,175,878
Noncurrent Assets		
Receivable from a third party	**20,000,000**	20,000,000
Property and equipment-net (Note 7)	**334,375**	330,084
Deferred exploration costs (Note 8)	**87,728,751**	85,967,118
Deferred income tax asset (Note 12)	**77,368**	68,873
Total Noncurrent Assets	**108,140,494**	106,366,075
TOTAL ASSETS	**₱211,651,939**	₱220,541,953
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 9)	**₱360,828**	₱688,636
	360,828	688,636
Equity		
Attributable to Equity Holders of the Parent Company:		
Capital stock (Note 11)	**250,000,000**	250,000,000
Deficit	**(41,172,649)**	(32,688,443)
	208,827,351	217,311,557
Non-controlling interest (Note 14)	**2,463,760**	2,541,760
Total Equity	**211,291,111**	219,853,317
TOTAL LIABILITIES AND EQUITY	**₱211,651,939**	₱220,541,953

See accompanying Notes to Interim Consolidated Financial Statements.

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME

	For the Three months Ended September 30		For the Nine months Ended September 30	
	2015	2014	**2015**	2014
INTEREST INCOME (Note 4)	**₱3,553**	₱1,814	**₱64,569**	₱46,237
EXPENSES				
Management and professional fees (Note10)	**662,883**	4,413,630	**4,125,825**	6,384,330
Employee cost	**1,090,755**	1,406,387	**3,241,155**	3,553,444
Supplies	**179,844**	364,365	**517,278**	467,947
Filing and registration fees	**94,311**	1,858,959	**496,566**	1,858,959
Insurance	**42,262**	1	**221,617**	2,131
Meetings	**7,087**	152,110	**170,015**	153,602
Transportation	**76,334**	142,022	**143,927**	148,442
Depreciation	**61,732**	–	**129,464**	–
Taxes and licenses	**–**	–	**44,988**	18,968
Others	**170,026**	9,193	**444,893**	38,127
	2,385,234	8,346,667	**9,535,728**	12,625,950
OTHER (INCOME)/LOSSES				
(Gains)losses on changes in fair value of investments held for trading-net	**(351,271)**	(345,431)	**(920,849)**	(513,793)
Foreign exchange (gains)losses	**10,962**	3,981	**20,370**	3,597
	(340,309)	(341,450)	**(900,479)**	(510,196)
LOSS BEFORE INCOME TAX	**2,041,372**	8,003,403	**8,570,680**	12,069,517
Provision for Income Tax	**–**	–	**–**	–
Deferred (Note 12)	**(1,660)**	–	**(8,474)**	(320)
NET LOSS FOR THE PERIOD	**₱2,039,712**	₱8,003,403	**₱8,562,206**	₱12,069,197
Attributable to:				
Equity holders of the parent Company	**₱1,997,723**	7,998,617	**₱8,484,206**	12,020,102
Non-Controlling interest (Note 14)	**41,989**	14,786	**78,000**	49,095
	₱ 2,039,712	₱8,003,403	**₱8,562,206**	₱12,069,197
Basic Loss per Share (Note 13)			**₱ 0.034**	₱ 0.048

See accompanying Notes to Interim Consolidated Financial Statements.

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Three months Ended September 30		For the Nine months Ended September 30	
	2015	2014	**2015**	2014
NET LOSS FOR THE PERIOD	**₱2,039,712**	₱8,003,403	**₱ 8,562,206**	₱12,069,197
OTHER COMPREHENSIVE INCOME	**–**	–	–	–
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**₱2,039,712**	₱8,003,403	**₱ 8,562,206**	₱12,069,197
Attributable to:				
Equity holders of the Parent Company	**₱1,997,723**	₱7,988,617	**₱8,484,206**	₱12,020,102
Non-controlling interest (Note 14)	**41,989**	14,786	**78,000**	49,095
	₱2,039,712	₱8,003,403	**₱8,562,206**	₱12,069,197

See accompanying Notes to Interim Consolidated Financial Statements.

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	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, 2015	**₱250,000,000**	**(₱32,688,443)**	**₱217,311,557**	**₱2,541,760**	**₱219,853,317**
Net loss for the period	–	(8,484,206)	(8,484,206)	(78,000)	(8,562,206)
BALANCES AT SEPTEMBER 30, 2015	**₱250,000,000**	**(₱(41,172,649)**	**₱208,827,351**	**₱2,463,760**	**₱211,291,111**
BALANCES AT JANUARY 1, 2014	₱250,000,000	(₱19,171,733)	₱230,828,267	₱2,594,283	₱233,422,550
Net loss for the period	–	(12,020,102)	(12,020,102)	(49,095)	(12,069,197)
BALANCES AT SEPTEMBER 30, 2014	**₱250,000,000**	**(₱31,191,835)**	**₱218,808,165**	**₱2,545,188**	**₱221,353,353**

See accompanying Notes to Interim Consolidated Financial Statements.

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine months Ended September 30	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱8,570,680)**	(₱12,069,517)
Adjustments for:		
Net unrealized losses (gains) on changes in fair value of investments held for trading - net (Note 5)	**(502,994)**	(1,839,553)
Depreciation	**129,464**	-
Interest income	**(64,569)**	(46,237)
Unrealized foreign exchange gain/(loss)	**7,551**	(2,270)
Operating loss before working capital changes	**(9,001,228)**	(13,957,577)
Decrease (increase) in Receivables	**842,187**	(19,997,300)
Increase (decrease) in accounts payable and other current liabilities	**(327,808)**	(376,043)
Interest income received	**64,641**	46,458
Income taxes paid	**(21)**	-
Net cash flows from (used in) operating activities	**(8,422,229)**	(34,284,462)
CASH FLOWS FROM INVESTING ACTIVITY		
Proceeds from redemption of investments held for trading	**6,742,000**	**147,805,000**
Additions to :		
Investments held for trading	**(34,575,000)**	**(77,805,000)**
Deferred exploration costs	**(1,761,633)**	**(366,835)**
Property and equipment	**(133,755)**	**-**
Net cash flows from (used in) investing activities	**(29,728,388)**	**69,633,165**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(38,150,617)**	35,348,703
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(7,551)**	2,270
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**42,808,622**	21,029,901
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	**₱4,650,454**	₱56,380,874

See accompanying Notes to Interim Consolidated Financial Statements.

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Trans-Asia Petroleum Corporation (TA 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 to engage in oil and gas exploration, exploitation and production on September 28, 1994 and November 16, 2012, respectively. Palawan55 is 69% owned by the Parent Company. The Parent Company and its subsidiary are 50.74% and 31% owned, respectively, by Trans-Asia Oil and Energy Development Corporation (TA Oil). The ultimate parent company is Philippine Investment Management, Inc. (PHINMA). TA Oil and PHINMA are both incorporated and domiciled in the Philippines. The Company has not started commercial operations yet as at October 22, 2015.

On August 28, 2012, the stockholders of the Parent Company approved the amendment in the Articles of Incorporation changing the name of the Parent Company from Trans-Asia (Karang Besar) Petroleum Corporation to Trans-Asia Petroleum Corporation.

On July 22, 2013, TA Oil declared property dividends in the form of its investments in the Company. TA Oil distributed the property dividends on August 20, 2014, which reduced TA Oil's interest in the Parent Company from 100% to 50.74%.

On August 14, 2014, the Philippine Securities and Exchange Commission (SEC) approved the listing of shares of TA Petroleum. On August 28, 2014, the Company listed by way of introduction at the Philippine Stock Exchange with "TAPET" as its stock symbol.

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

The interim consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) Audit Committee on October 22 , 2015.

2. Summary of Significant Accounting and Financial Reporting Policies

<u>Basis of Preparation and Statement of Compliance</u>
The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) using the historical cost basis, except for investments held for trading, which are measured at fair value through profit or loss (FVPL). The consolidated financial statements are presented in Philippine peso (Peso), which is the Company's functional and presentation currency, and all values are rounded to the nearest Peso except when otherwise stated.

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 and for the year ended December 31, 2014.

Basis of Consolidation
The interim consolidated financial statements comprise the interim financial statements of the Parent Company and its subsidiary, Palawan55. 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 when it 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 subsidiary is fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date that such control ceases. The Parent Company controls an investee when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and when it has the ability to affect those returns through its power over the investee.

Upon consolidation, all intragroup balances, transactions, income and expenses and profits and losses resulting from intragroup transactions are eliminated in full.

Changes in the controlling ownership (i.e., acquisition of non-controlling interest (NCI) or partial disposal of interest over a subsidiary that does not result in a loss of control) are accounted for as an equity transaction.

NCI represents a portion of profit or loss and net assets of the subsidiary not held by the Parent Company, directly or indirectly, and is presented separately in the interim consolidated statement of comprehensive income and within the equity section of the interim consolidated balance sheet and interim statement of changes in equity, separately from the Parent Company's equity. Total interim comprehensive loss is attributed to the portion held by the Parent Company and to the NCI even if this results in the NCI having a deficit balance.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS that became effective during the year. The adoption of the new standards and amendments as at January 1, 2015 did not have a material effect on the accounting policies, financial position or performance of the Company.

- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions*

Improvements to PFRSs
Improvements to PFRSs, an omnibus of amendments to standards, deal primarily with a view of removing inconsistencies and clarifying wordings. There are separate transitional provisions for each standard. These improvements are effective immediately but did not have an impact on the Company's financial statements. These include:

- Annual improvements to PFRSs 2010 – 2012 Cycle
- Annual improvements to PFRSs 2011 – 2013 Cycle

<u>Future Changes in Accounting Policies</u>
The Company will adopt the following standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended standards and interpretations to have significant impact on its financial statements.

- PAS 16, *Property and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)

  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- PAS 16, *Property and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments)

  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures, and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)

  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- PFRS 14, *Regulatory Deferral Accounts*

  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity’s rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016.

- PFRS 9, *Financial Instruments* - Hedge Accounting and amendments to PFRS 9, PFRS 7, *Financial Instruments: Disclosures* and PAS 39 (2013 version)

  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the Financial Reporting Standards Council (FRSC). The adoption of the final version of PFRS 9, however, is still for approval by Board of Accountancy.

- PFRS 9, *Financial Instruments* (2014 or final version)

  In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. 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 comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

Annual Improvements to PFRSs

These improvements to the following standards and interpretations are effective for annual periods beginning on or before January 1, 2016 and are not expected to have a material impact on the Company's financial statements.

- Annual Improvements to PFRSs (2012-2014 cycle)

  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*

    The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

  - PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*

    PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

  - PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*

    This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - regional market issue regarding discount rate*

  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'*

  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Deferred Effectivity

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*

  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

The following new standard issued by the IASB has not yet been adopted by the FRSC

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*

  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 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 IFRS 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 IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

Cash and Cash Equivalents

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

Fair Value Measurement
The Company measures financial instruments at fair value at the end of reporting period.

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

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

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

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

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

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

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

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

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

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

Financial Instruments
Financial instruments are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial instruments, except for financial instruments measured at FVPL.

The Company recognizes a financial asset or a financial liability in interim the consolidated balance sheet when it becomes a party to the contractual provisions of the instruments.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The fair value of financial instruments traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Financial instruments are classified as either financial asset or liability at FVPL, loans and receivables, held-to-maturity investments, AFS financial assets or other financial liabilities. The Company determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, reevaluates this designation at every balance sheet date.

As at September 30, 2015 and December 31, 2014, the Company's financial instruments consist of cash and cash equivalents, investments held for trading, receivables and accounts payable and other current liabilities (excluding statutory payables) (see Notes 4, 5 and 8).

Financial Assets Held for Trading. These financial instruments are recorded in the interim consolidated balance sheet at fair value. A financial asset is classified under this category when any of the following criteria is met:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Changes in fair value relating to the held for trading positions are recognized in profit or loss as net unrealized gains or losses on changes in fair value of investments held for trading.

As at September 30, 2015 and December 31, 2014, the Company's investments in unit investment trust fund (UITFs) are classified as financial assets held for trading (see Note 5).

Loans and Receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments and are not quoted in an active market. Such assets are subsequently carried at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

As at September 30, 2015 and December 31, 2014, classified under this category are the Company's cash and cash equivalents and receivables (see Note 4).

Other Financial Liabilities. Other financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

The Company's other financial liabilities as at September 30, 2015 and December 31, 2014 include accounts payable and other current liabilities (excluding statutory payables) (see Note 9).

Impairment of Financial Assets
The Company assesses, at each balance sheet date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Assets carried at amortized cost
If there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through the use of an allowance account and the amount of the loss is recognized in the interim consolidated statement of income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans and receivables together with the associated allowance are written off when there is no

realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company. If in a subsequent year, the amount of the impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in the interim consolidated statement of income.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

For the purpose of specific evaluation of impairment, the Company assesses whether financial assets are impaired through assessment of collectibility of financial assets considering the creditors' capacity to pay, history of payment, and the availability of other financial support. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past due status and term.

Derecognition of Financial Instruments

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when: (1) the rights to receive cash flows from the asset have expired; or, (2) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset; or, (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the interim consolidated balance sheet when there is a currently legal right to offset the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Property and Equipment

Property and equipment, are stated at cost less accumulated depreciation and impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties and borrowing costs incurred during the construction period (where applicable) and other costs directly attributable to bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are charged to income in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Office equipment	3-5 years
Miscellaneous assets	3-5 years

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the interim consolidated statement of income in the year the asset is derecognized.

Impairment of Property and Equipment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of 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 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 groups 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 pretax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the interim consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the interim consolidated statement of income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Deferred Exploration Costs

The Company follows the full cost method of accounting for exploration costs determined on the basis of each service contract (SC) area. Under this method, all exploration costs relating to each SC are tentatively deferred pending the determination of whether the contract area contains oil and gas reserves in commercial quantities, net of any allowance for impairment losses.

Expenditures for mineral exploration and development work on mining properties are also deferred as incurred, net of any allowance for impairment losses. These expenditures are provided for with an allowance when there are indications that the exploration results are negative. These are written off against the allowance when the projects are abandoned or determined to be definitely unproductive. When the exploration work results are positive, the net exploration costs and subsequent development costs are capitalized and amortized from the start of commercial operations.

Impairment of Deferred Exploration Costs

The Company assesses at each balance sheet date whether the following impairment indicators exist:

- 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; and
- 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.

If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU'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 groups 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 pretax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the interim consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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

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

The Company's SCs are joint operations and all under exploration stage. The Company recognizes its share of the related exploration expenses as it is billed through cash calls.

Capital Stock
Capital stock is the portion of paid-in capital representing the total par value of the shares issued and outstanding.

Subscription Receivable
Subscription receivable represents the amount receivable from stock subscriptions.

Deficit
Deficit represents the cumulative balance of net loss.

Revenue
Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the revenue can be measured reliably. Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Expenses
Expenses are recognized when incurred.

Income Taxes

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

Deferred Income Tax. Deferred income tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from unused NOLCO can be utilized.

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

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are applicable to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the interim consolidated statement of comprehensive income.

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

Foreign Currency-denominated Transactions
Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding financial assets and liabilities denominated in foreign currencies are restated using the closing rate of exchange at the balance sheet date. Exchange gains or losses arising from foreign currency-denominated transactions are credited or charged to current operations. Non-financial items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-financial items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Loss per Share
Basic loss per share is computed based on the weighted average number of issued and outstanding common shares during each year after giving retroactive effect to stock splits during the year.

Segment Reporting
The Company'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.

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

Events After the Balance Sheet Date

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

---

3. Significant Accounting Judgments and Estimates

The Company's interim consolidated financial statements prepared in accordance with PFRS require management to make judgments 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.

Judgments

Determination of Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the sale and cost of producing electricity.

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 September 30, 2015 and December 31, 2014, the Company's SCs are 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. Among the factors considered by management in the impairment review of deferred exploration costs are the expiration of the contracts and the technical evaluation that the remaining prospects in these areas are small and are likely to be uneconomic.

The Company has not recognized any impairment loss on its deferred exploration costs for the quarter September 30, 2015 and September 30, 2014. The carrying value of deferred exploration costs amounted to ₱87,728,751 and ₱85,967,118 as at September 30, 2015 and December 31, 2014, respectively (see Note 8).

Realizability of Deferred Income Tax Asset. The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 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 tax assets to be utilized.

As at September 30, 2015, the Company recognized deferred income tax asset amounting to ₱77,368. Unrecognized deferred income tax asset as at September 30, 2015 and December 31, 2014 amounted to ₱11,793,424 and ₱9,058,248, respectively (see Note 12).

Estimated Useful Lives of Property and Equipment. The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There were no changes in useful life used from previous year. Depreciation of property and equipment for the period of September 30, 2015 and September 30, 2014 amounted to ₱129,464 and NIL, respectively. The carrying value of property and equipment as at September 30, 2015 and December 31, 2014 amounted to ₱334,375 and ₱330,084, respectively (see Note 7).

Impairment of Property and Equipment. The Company performs annual impairment testing of assets which are not used in operations and those with indications of impairment. The impairment testing of assets not used in operations requires an estimation of its fair value less cost to sell. Fair value is the amount obtainable from the sale of an asset or cash-generating unit in an arm's-length transaction between knowledgeable, willing parties, less the costs of disposal. The impairment testing of property and equipment with indications of impairment requires an estimation of the value-in-use of the CGU.

No impairment loss was deemed necessary as of third quarter of 2015. The carrying value of property and equipment as at September 30, 2015 and December 31, 2014 amounted to ₱334,375 and ₱330,084, respectively (see Note 7).

Determination of Fair Value of Financial Assets and Financial Liabilities. PFRS requires that certain financial instruments are to be carried at fair value, which requires the use of accounting judgments and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., interest rates, volatility rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial instruments would directly affect the interim consolidated statement of comprehensive income and statement of changes in equity.

Total fair values of financial assets amounted to ₱123,225,281 and ₱133,889,714 as at September 30, 2015 and December 31, 2014, respectively; while total fair values of financial liabilities amounted to ₱232,334 and ₱577,999 as at September 30, 2015 and December 31, 2014, respectively (see Note 15).

4. Cash and Cash Equivalents

	September 30, 2015	December 31, 2014
Cash on hand and in banks	**₱3,304,714**	₱41,468,048
Short-term deposits	**1,345,740**	1,340,574
	₱4,650,454	₱42,808,622

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 ₱64,569 and ₱46,237 as at September 30, 2015 and September 30, 2014 respectively.

5. Investments Held for Trading

Investments held for trading consist of investments in UITFs amounting to ₱98,807,861 and ₱70,471,867 as at September 30, 2015 and December 31, 2014, respectively. The Company's net unrealized gain on changes in fair value of investments held for trading amounted to ₱502,994 and ₱1,839,553 as at September 30, 2015 and September 30, 2014, respectively.

6. Receivables

The aging analysis of past due but not impaired receivables as follows:

As of September 30, 2015

	Total	**Current**	**1-30 Days**	**31-60 Days**	**61-90-Days**	**Over 90 days**
Other receivables	**₱53,130**	**₱19,559**	**₱-**	**₱-**	**₱-**	**₱33,571**

As of December 31, 2014

	Total	Current	1-30 Days	31-60 Days	61-90-Days	Over 90 days
Other receivables	₱895,389	₱-	₱895,389	₱-	₱-	₱-

Other receivables consist of receivable from employees and return of cash call.

7. **Property and Equipment**

Details and movement of this account follow:

	Office Equipment	Miscellaneous Assets	Total
Cost			
At January 1, 2015	₱245,000	₱94,515	₱339,515
Additions	-	133,755	133,755
At September 30, 2015	**245,000**	**228,270**	**473,270**
Less **Accumulated depreciation**			
January 1, 2015	6,806	₱2,625	9,431
Depreciation for the period	**61,250**	**68,214**	**129,464**
At September 30, 2015	**68,056**	**70,839**	**138,895**
Net book Value			
At December 31, 2014	238,194	91,890	330,084
At September 30, 2015	**₱176,944**	**₱157,431**	**₱334,375**

In May 2015, the Company purchased license used in operations.

8. **Deferred Exploration Costs**

As at September 30, 2015 and December 31, 2014, details of deferred exploration costs are as follows:

	September 30, 2015	December 31, 2014
TA Petroleum:		
SC 51 (East Visayas)	**₱32,665,864**	₱32,665,864
SC 69 (Camotes Sea)	**15,085,259**	15,085,259
SC 6 (Northwest Palawan):		
Block A	**19,083,684**	18,804,924
Block B	**3,461,648**	1,978,775
SC 50 (Farm In Agreement)	**11,719,086**	11,719,086
	82,015,541	80,253,908
Palawan55 -		
SC 55 (Southwest Palawan)	**5,713,210**	5,713,210
	₱87,728,751	₱85,967,118

Below is the roll forward analysis of the deferred exploration costs as at September 30, 2015 and December 31, 2014:

	September 30, 2015	December 31, 2014
Balance at beginning of year	**₱85,967,118**	₱74,736,195
Additions:		
Farm-in agreement	-	11,719,086
Cash calls	**1,761,633**	398,939
Cash call refund	-	(887,102)
Balance at end of year	**₱87,728,751**	₱85,967,118

The foregoing deferred exploration costs represent the Company's share in the expenditures incurred under petroleum SCs with the Philippine Department of Energy (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.

As at September 30, 2015 and December 31, 2014, no impairment indicators have been identified by management on its deferred exploration costs.

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

9. Accrued Expenses and Other Current Liabilities

This account consists of:

	September 30, 2015	December 31, 2014
Accounts payable:	**₱60,000**	₱339,515
Accrued expenses:		
Professional fees	**172,334**	147,000
Filing and registration fees	**–**	26,400
Others	**–**	65,084
Withholding taxes	**128,494**	110,637
	₱360,828	₱688,636

Accounts payable and accrued expenses are noninterest-bearing and will be settled on 30 to 60-day terms.

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.

	For the Nine months Ended September 30, 2015			
Company	**Amount/Volume**	**Nature**	**Terms**	**Conditions**
Ultimate Parent Company ***PHINMA, Inc.***				
Management and professional fees	**₱540,000**	Management fees	30-60 day terms; noninterest-bearing	Unsecured
	66,301	Share in expenses		
T-O Insurance Brokers, Inc.				
Insurance	**1,122**	Insurance	On demand; noninterest-bearing	Unsecured
Trans-Asia Oil Receivable	**2,080**	Accommodation	On demand	Unsecured
One Subic	**694,916**	Accommodation	On demand	Unsecured

Company	For the Nine Months Ended September 30, 2014 Amount/Volume	Nature	Terms	Conditions
Under Common Control				
T-O Insurance Brokers, Inc.				
Insurance	₱2,130	Insurance	On demand; noninterest-bearing	Unsecured
Ultimate Parent Company				
PHINMA, Inc.				
Management and professional fees	604,800	Management fees	30-60 day terms; noninterest-bearing	Unsecured

For the third quarter of 2015 TAPET has outstanding payable to PHINMA, Inc. for Management fee expenses .

11. Capital Stock

Capital stock

Following are the details of the Company's capital stock with par value of ₱1 as at September 30, 2015 and December 31, 2014:

	Number of shares	Amount
Authorized	1,000,000,000	₱1,000,000,000
Issued and outstanding	250,000,000	250,000,000

The total number of stockholders as of September 30, 2015 and December 31, 2014 are 2,996 and 3,030, respectively.

12. Income Taxes

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

	Nine months Ended September 30, 2015	2014
Benefit from income tax at statutory rate	**(₱2,573,381)**	(₱3,620,855)
Tax effects of:		
Movement in NOLCO for which no deferred income tax asset was recognized	**2,735,176**	4,185,874
Net unrealized gain on changes in fair value of investments held for trading	**(150,898)**	(551,866)
Interest income subject to final tax	**(19,371)**	(13,473)
	(₱8,474)	(₱320)

b. The Company did not recognize deferred income tax asset on the unused NOLCO of ₱39,972,284 and ₱30,194,159 as at September 30, 2015 and December 31, 2014, respectively, because management believes that it is not probable that sufficient future taxable income will be available to allow said deferred income tax asset to be utilized.

c. The details of the Company's NOLCO follow:

Year Incurred	Year of Expiration	Amount
2012	2015	3,294,285
2013	2016	12,626,621
2014	2017	14,498,595
2015	2018	9,552,783
		₱39,972,284

NOLCO amounting to ₱36,750 expired in 2014.

d. As at September 30,2015, the Company recognized deferred income tax asset of ₱77,368 on NOLCO.

13. Basic Loss Per Share

	Nine months Ended September 30	
	2015	2014
(a) Net loss attributable to equity holders of the Parent Company	**₱8,484,206**	₱12,020,102
(b) Weighted average number of common shares outstanding	**250,000,000**	250,000,000
Basic loss per share (a/b)	**₱0.034**	₱0.048

14. Material Partly-Owned Subsidiary

Financial information of Palawan55, a subsidiary that has significant non-controlling interest, are provided below:

	For the Nine months ended September 30	
	2015	2014
Proportion of equity interest held by NCI	**30.65%**	30.65%
Accumulated balance of material NCI	**₱2,463,760**	₱2,545,188
Net loss allocated to material NCI	**78,000**	49,095

The summarized financial information of Palawan55 are provided below. The information is based is based on amounts before intercompany eliminations:

<u>Summarized interim statements of income and interim statements of comprehensive income</u>

	For the Nine months ended September 30	
	2015	2014
Revenues	**₱7,256**	₱7,403
Expenses	**269,241**	167,582
Net loss	**₱261,985**	₱160,179
Attributable to NCI	**₱78,000**	₱49,094
Total comprehensive loss	**₱261,985**	₱160,179

	For the Nine months ended September 30	
	2015	2014
Attributable to NCI	**₱78,000**	₱49,095

Summarized interim balance sheets

	September 30,	December 31, 2014
Total current assets	**₱2,292,662**	₱2,562,576
Total noncurrent assets	**5,788,312**	5,780,813
Total current liabilities	**42,271**	50,200
Total equity	**₱8,038,703**	₱8,293,189
Attributable to equity holders of the Parent Company	**₱5,574,943**	₱5,751,429
NCI	**₱2,463,760**	₱2,541,760

Summarized interim cash flow information

	For the Nine months ended September 30	
	2015	2014
Operating cash flows / Net increase (decrease) in cash and cash equivalents	**(₱299,904)**	₱(204,968)

There were no dividends paid to non-controlling interest for the period September 30, 2015 and 2014.

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

The Company's principal financial instruments, managed by the PHINMA Group Treasury, comprise cash and cash equivalents, investments held for trading, receivables and accounts payable and other current liabilities (excluding statutory payables). The main purpose of the financial assets is to invest the Company's excess funds.

The main risks arising from the Company's financial instruments are credit risk, foreign currency risk and market risk. The BOD reviews and approves policies for managing credit risk and market risk.

Credit Risk

The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company has assessed the credit quality of cash and cash equivalents as high grade since these are deposited in or transacted with reputable banks, which have low probability of insolvency.

The Company's other receivables are categorized as high grade since this is transacted with an entity that is in good financial condition.

There are no concentrations of credit risk within the Company.

Foreign Currency Risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (revenue or expense is denominated in a different currency from the Company's functional currency).

The Company had foreign currency exposures arising from cash calls and refunds in currency other than the Philippine peso. As at September 30, 2015, the Company has receivables denominated in U.S. dollar amounting to $605.29 or ₱28,403.84. Exchange rate used was ₱46.926 to $1.00 on September 30, 2015.

Management has determined that the volume of foreign currency-denominated transactions is not significant to the Company and, accordingly, its exposure to the risk of changes in foreign exchange rates has no material impact to its profitability.

Market Risk
Market risk is the risk that the value of an investment will decrease due to drastic adverse market movements that consist of interest rate fluctuations affecting bid values or fluctuations in stock market valuation due to gyrations in offshore equity markets or business and economic changes. Interest rate, foreign exchange rate and risk appetite are factors of a market risk as the summation of the three defines the value of an instrument or a financial asset.

Market risk is managed through:

- Constant review of global and domestic economic and financial environments as well as regular discussions with banks' economists or strategy officers are done to get multiple perspectives on interest rate trends or forecasts;

- Updates of the portfolio's local and foreign currency bonds' gains and losses are made as often as necessary;

- "Red Lines" are established then reviewed and revised as the need arises for major movements in the financial markets and are used to determine dealing parameters. Red lines are the strategic yield curves, bond prices or spreads that the PHINMA Group Treasury uses as guides whether to buy, hold or sell bonds as approved by the Investment Committee or, in cases of high volatility, by the Chief Financial Officer;

- In cases of high volatility, dealers constantly give updates to approving authorities regarding changes in interest rates or prices in relation to strategies; and

- Regular comparison of the portfolio's marked-to-market values and yields with defined benchmarks.

The Company's exposure to market risk is minimal. The underlying financial instruments in the Company's investments in UITFs are Peso fixed-rate bonds and low-risk fixed income securities.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the nine months ended September 30, 2015 and for the year ended December 31, 2014.

Capital includes all the items appearing in the equity section of the Company's interim consolidated balance sheets totaling ₱211,291,111 and ₱219,853,317 as at September 30, 2015 and December 31, 2014, respectively.

Fair Value of Financial Instruments

	2015		2014	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**₱4,650,454**	**₱4,650,454**	₱42,808,622	₱42,808,622
Receivables*	**20,053,130**	**19,766,966**	20,895,389	20,609,225
FVPL – Investments held for trading	**98,807,861**	**98,807,861**	70,471,867	70,471,867
	₱123,511,445	**₱123,225,281**	₱134,175,878	₱133,889,714
Financial Liabilities				
Other financial liabilities -				
Accounts payable and other current liabilities**	**₱232,334**	**₱232,334**	₱577,999	₱577,999

** Includes noncurrent receivable from a third a party with a carrying value and fair value of ₱20,000,000 and ₱19,713,836,, respectively.*

*** Excluding statutory payables amounting to **₱128,494** and ₱110,637as at September 30, 2015 and December 31, 2014, respectively.*

Cash and Cash Equivalents, Receivables and Accrued Expenses and Other Current Liabilities (Excluding Statutory Payables). Due to the short-term nature of these balances, the fair values approximate the carrying values at balance sheet date.

Investments Held for Trading. Quoted market prices have been used to determine the fair values of investments held for trading.

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at September 30, 2015, the fair value measurement of the Company's investments held for trading is categorized as Level 1. The Company has no financial instruments measured at fair value using the Level 2 and Level 3 hierarchy. Also, there were no transfers between Level 1 and Level 2 fair value measurements.

Offsetting of Financial Instruments
There were no offsetting of financial instruments for the quarter ended September 30, 2015 and for the year ended December 31, 2014.

16. **Segment Information**

The Company has only one reportable segment, Petroleum and Gas, which is engaged in oil and gas exploration and development. Management monitors the operating results of the reportable segment for the purpose of making decisions about resource allocation and performance assessment. As at October 22, 2015, the Company has not started commercial operations yet and has no revenue nor gross profit. The total assets of the segment of ₱211,651,939 and ₱220,541,953 as at September 30, 2015 and December 31, 2014, respectively, are the same as that reported elsewhere in the interim consolidated financial statements.

ANNEX B

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial position and results of operations of Trans-Asia Petroleum Corporation or "TAPET and its subsidiary should be read in conjunction with the unaudited interim consolidated financial statements as at September 30, 2015 and December 31, 2014 and for the semester ended September 30, 2015 and 2014. The unaudited interim consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS).

Results of Operation

	July to Sept.		**Increase (Decrease)**		**Jan to Sept.**		**Increase (Decrease)**	
In Thousands	**2015**	2014	Amount	%	**2015**	2014	Amount	%
Interest income	**₱4**	₱2	₱2	100%	**₱65**	₱46	₱19	41%
Cost and expenses	**2,385**	8,347	(5,962)	(71%)	**9,536**	12,626	(3,090)	(24%)
Other (income) charges	**(340)**	(342)	(2)	0%	**(900)**	(510)	(390)	76%
Loss before income tax	**2,041**	8,003	(5,962)	(74%)	**8,571**	12,070	(3,499)	(29%)
Income tax provision (benefit)	**(2)**	–	2	-	**(8)**	–	(8)	-
Net loss	**₱2,039**	₱8,003	**(₱5,964)**	**(75%)**	**₱8,563**	₱12,070	**(₱3,507)**	**(29)%**

For the quarter July to September 2015, the Company posted a lower consolidated net loss compared to the same period in the previous year. The following are the material changes in the Consolidated Statements of Income between the third quarter of 2015 and 2014:

- Interest income doubled because of higher volume of short-term deposits.
- Consolidated cost and expenses decreased by ₱6.0 million due to lower professional fees and filing and registration fees paid during the quarter. Prior year's expenses were related to the Company's listing activities with PSE.
- Income tax benefit recognized is from the unrealized foreign exchange loss, which the Company expects to be utilized in the next period.

As at September 30, 2015, consolidated net loss decreased by 29% compared to the same period last year. Following are the material changes in the Consolidated Statements of Income between the first nine months of 2015 and 2014:

- Consolidated interest income increased due to higher short-term deposits that earned interest.
- Consolidated cost and expenses went down due to lower professional fees and filing and registration fees incurred during the year. Prior year's expenses were related to the Company's listing activities with PSE.
- Other income was 76% higher compared to 2014 due to increase in gain on changes in fair value of UITF investments.
- Benefit from income tax is recognized due to deferred tax assets which are expected to be utilized within the year.

Consolidated Balance Sheets

In Thousands	**September 2015**	December 2014	Increase (Decrease) Amount	%
Current Assets				
Cash and cash equivalents	**₱4,651**	₱42,809	(₱38,158)	(89%)
Investments held for trading	**98,808**	70,472	28,336	40%
Receivables	**53**	895	(842)	(94%)
Total Current Assets	**103,512**	114,176	(10,664)	(9%)
Noncurrent Assets				
Receivable from a third party	**20,000**	20,000	–	–
Deferred exploration cost	**87,729**	85,967	1,762	2%
Property and equipment	**334**	330	4	1%
Deferred income tax	**77**	69	8	11%
Total Non-current Assets	**108,140**	106,366	1,774	2%
TOTAL ASSETS	**₱211,652**	₱220,542	(₱8,890)	(4%)

The following are the material changes in the asset accounts of the Consolidated Balance Sheets between September 30, 2015 and December 31, 2014:

- The drop in cash and increase in investments held for trading are mainly due to the repositioning of financial assets from cash and cash equivalents to UITF investments.
- Decrease in receivable is from the return of cash call from previous Operator of SC 69.
- Deferred exploration costs increased by ₱1.8 million from the additional cash call in SC 6.
- The Company recognized deferred tax asset on accrued expenses.

In Thousands	**September 2015**	December 2014	Increase (Decrease) Amount	%
Current Liabilities				
Accounts payable and other current liabilities	**₱361**	₱689	(328)	(48%)
Total Current Liabilities	**351**	689	(328)	(48%)
Equity				
Attributable to Equity Holders of the Parent Company:				
Capital stock	**250,000**	250,000	–	–
Deficit	**(41,173)**	(32,688)	8,485	26%
	208,827	217,312	(8,485)	(26%)
Non-controlling interest	**2,464**	2,541	(78)	(3%)
Total Equity	**211,291**	219,853	(8,562)	(4%)
TOTAL LIABILITIES AND EQUITY	**₱211,652**	₱220,542	(8,890)	(4%)

The following are the material changes in the liabilities and equity accounts of the Consolidated Balance Sheets between September 30, 2015 and December 31, 2014:

- Decrease in current liabilities pertains mainly to payment of accrued expenses.
- Deficit increased by 26% due to general and administrative expenses of the Parent Company.

Consolidated Statement of Cash Flows

In Thousands	**September 2015**	September 2014	Increase (Decrease) Amount	%
Net cash flows used in operating activities	**(₱8,422)**	(₱34,284)	(25,862)	(75)%
Net cash flows used in investing activities	**(29,728)**	69,633	(99,362)	(143)%
Net decrease in cash and cash equivalents	**(38,150)**	35,349	(73,499)	(208)%
Effect of exchange rate changes	**(8)**	2	(10)	(433)%
Cash and cash equivalent at beginning period	**42,809**	21,030	21,779	104%
Cash and cash equivalent at end of period	**₱4,651**	₱56,381	(51,730)	-92%

The following are the material changes in the Consolidated Statements of Cash Flows between the first nine months of 2015 and 2014:

- Net cash flows used in operating activities is lower in 2015 due to listing expenses incurred and receivables from a third party in 2014.
- Net cash flows used in investing activities in 2015 is for additions in UITF investments, cash call in SC 6 and purchase of miscellaneous assets. In 2014, net cash flow provided by investing activities was from the redemption of UITF investments.
- No financing activities occurred during the nine months ended September 30, 2015 and 2014.
- Effect of exchange rate changes is mainly due to foreign exchange rate movements.

Financial Soundness Indicators

	Formula	30-Sept-15 Unaudited	31-Dec-14 Audited	Increase (Decrease)	
				Difference	%
Liquidity Ratios					
Current ratio	Current assets / Current liabilities	286.87	165.80	121.07	73%
Acid test ratio	Cash + Short-term investments + Accounts Receivables + Other liquid assets / Current liabilities	286.87	165.80	121.07	73%
Solvency Ratios					
Debt/Equity ratio	Total Liabilities / Total Equity	0.00	0.00	0.00	–
Asset to equity ratio	Total Assets / Total Equity	1.00	1.00	0.00	–
Interest coverage ratio	Earnings before interest & tax (EBIT) / Interest expense	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Net Debt to Equity Ratio	Debt - Cash & cash equivalents / Total equity	Not Applicable	Not Applicable	Not Applicable	Not Applicable

	Formula	30-Sept-15 Unaudited	30-Sept-14 Unaudited	Increase (Decrease)	
				Difference	%
Profitability Ratios					
Return on equity	Net income after tax / Average stockholders' equity	-3.97%	-5.31%	1.34%	25%
Return on assets	Net income before taxes / Total assets	-3.97%	-5.44%	1.48%	27%
Asset turnover	Revenues / Total assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Current ratio and Acid test ratio

Current ratio and acid test ratio grew by 73% due to the settlement of accrued payables.

Debt-to-equity ratio

The Company has minimal liabilities and is funded mainly through equity.

Asset-to-equity ratio

As at September 30, 2015, asset-to-equity ratio remains unchanged at 1.00.

Interest coverage ratio and Net debt-to-equity ratio

These ratios are not applicable since the Company has no borrowings.

Return on equity and Return on assets

The Company showed negative returns because it has not started commercial operations yet and posted net losses on the periods covered. Lower net loss is mainly driven by lower expenses incurred during the year compared to previous year, hence, the 25% improvement in return on equity.

Asset turnover

This ratio is not applicable since the Company has not started commercial operations yet.

During the Nine Months Period of 2015:

- There were no unusual items that affected assets, liabilities, equity, net income or cash flows.
- There were no events that will trigger direct or contingent financial obligation that was material to the company, including any default or acceleration of an obligation.
- There were no events that had occurred subsequent to the balance sheet date that required adjustments to or disclosure in the financial statements.
- There were no contingent assets or contingent liabilities since the last annual balance sheet date.
- There were no material trends, demands, commitments, events or uncertainties known to the Company that would likely affect adversely the liquidity of the Company..
- There were no trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations except those as disclosed in Annex B-1.
- There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or result of operations.
- There are no material off balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- There were no operations subject to seasonality and cyclicality.
- The uncertainty on the price of Frontier Oil Corporation shares (where the Company has committed to subscribe in the event of a successful IPO), if listed, and any termination of the Company's Service Contracts, are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations, or can cause a material change in relationship between costs and revenues.

Annex "B-1"

TRANS-ASIA PETROLEUM CORPORATION

PROGRESS REPORT
For the Quarter, July 1, 2015 to September 30, 2015

SC 6 Block A (Northwest Palawan)

Geophysical interpretation and resource analysis were completed.

TA Petroleum has 7.78% participating interest in SC 6 Block A.

SC 6 Block B (Northwest Palawan)

The 400 sq. km. 3D seismic reprocessing program commenced.

TA Petroleum owns 14.063% participating interest in SC 6 Block B.

SC 51 (East Visayas)

The DOE extended the term of the current exploration Sub-Phase 5 to 8 July 2016.

The DOE ruled that the aborted drilling of the Duhat – 2 well did not fulfill the work commitment under Sub – Phase 5. Hence, should Otto Energy, the Operator, decide not to drill another well in the contract area and the Filipino partners opt not to assume said drilling obligation, Otto Energy will be penalized as per contract. Otto Energy disputed the ruling of the DOE.

TA Petroleum holds 6.67% participating interest in SC 51, which will become 33.34% upon DOE approval of the withdrawal of Otto Energy.

SC 55 (Ultra Deepwater West Palawan)

Otto Energy, the Operator, drilled the Hawkeye – 1 well to a total depth of 2920 meters. The well encountered a gas column which was deemed to be sub-commercial.

Palawan55 Exploration & Production Corporation, subsidiary of TA Petroleum, has 6.82% participating interest in SC 55.

SC 69 (Camotes Sea)

TA Petroleum, the Operator, completed a review of existing seismic data and commenced preparations for a 2D seismic survey in the area.

TA Petroleum holds 50% participating interest in SC 69.

SC 50 (Northwest Palawan)

The request of Frontier Oil, the Operator, for a 30 - month moratorium on its obligation to drill two (2) wells over the Calauit field remains pending with the DOE.

TA Petroleum's 10% participating interest in SC 50 awaits approval by the DOE.

Certified Correct:

RAYMUNDO A. REYES, JR.
EVP and COO

Signed in the presence of:

ANNEX C

The Company filed the following reports on SEC 17-C during the third quarter ended September 30, 2015 covered by this report:

Date of Filing	Items Reported
July 2, 2015	Petroleum Service Contract No. 55 Please be informed that the SC 55 Operator, Otto Energy Investments, Ltd. ("OEIL") notified Palawan55 Exploration & Production Corporation ("Palawan55") a subsidiary of Trans-Asia Petroleum Corporation, that OEIL has issued a formal notice to Maersk Drilling to commence mobilization for the drilling of the Hawkeye-1 exploratory well. Palawan55 has 6.82% participating interest in SC 55.
July 23, 2015	Change of Principal Office The Board of Directors of Trans-Asia Petroleum Corporation approved today the change of Trans-Asia Petroleum's principal office address from "Makati, Rizal, Philippines" to "Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, and Makati City, Philippines".
August 03, 2015	Update on Petroleum Service Contract No.55 Please be informed that the SC 55 Operator, Otto Energy Investments, Ltd. ("OEIL"), notified Palawan55 Exploration & Production Corporation ("Palawan55"), subsidiary of Trans-Asia Petroleum Corporation (PSE Symbol: TAPET), that OEIL commenced drilling of the Hawkeye-1 exploratory well in offshore southwest Palawan on 31 July 2015. Water depth at the well location is 1,788 meters. Programmed well total depth is 2,887 meters below sea level and anticipated drilling duration is about 3 weeks. The well may be deepened depending on results. Palawan55 holds 6.82% participating interest in SC 55.

August 17, 2015	Petroleum Service Contract No. 55- Offshore Southwest Palawan Please be informed that the SC 55 Operator, Otto Energy Investments, Ltd., provided Palawan55 Exploration& Production Corporation ("Palawan55"), subsidiary of Trans-Asia Petroleum Corporation, the following update on the drilling of the Hawkeye-1 exploratory well. The well has been drilled to its final total depth of 2,920 meters. Hydrocarbons, mainly gas, were recorded between 2,710 to 2,737 meters in reservoir of variable quality. Fluorescence, which usually indicates oil, was observed in drill cutting returns obtained from the same depth interval. According to log interpretation, the rock sequence below 2,737 meters contained good quality reservoirs which are water-saturated. While the volume of hydrocarbons inferred from the well results is not of economic significance, Hawkeye-1 proved the presence of a petroleum system in the contract area. The Operator will evaluate its implications to the prospectivity of Cinco and other prospects and leads in the block in due course. Palawan55 holds 6.82% participating interest in SC 55 .
August 17, 2015	Australia's Otto Energy abandons PH Hawkeye – 1 well. This refers to subject news article entitled "Australia's Otto Energy abandons PH Hawkeye – 1 well" which reported in part that: "*MANILA - Australia-listed Otto Energy Ltd. said on Monday it would plug and abandon a deep-water exploratory well in the West Philippine Sea (South China Sea), which did not reveal commercial oil and gas volumes.* *While the drilling of Hawkeye - 1 well in the Philippines' Palawan Basin has proven the existence of hydrocarbons in the area, the size was " at the very low end of expectations and is not economic to develop," Otto said in a statement.* . . . ."

	Please be informed that the above excerpt is accurate.
August 17, 2015	Petroleum Service Contract No. 55 Floor Price: Issuer Request This refers to your letter of 17 August 2015 requesting information relating to the unusual downward price movement of Trans-Asia Petroleum shares ("TAPET") at 9:30 a.m. today. *Please be informed that TAPET disclosed this morning to the PSE the negative results of the drilling of the Hawkeye - 1 exploratory well under Service Contract No. 55, which reached its final total depth over the weekend.* *We are aware that our consortium partners Otto Energy, Ltd. (ASX: OEL) and Red Emperor Resources N.L. (ASX: RMP) also issued similar announcements this morning.* To the best of our knowledge, there is no undisclosed information concerning TAPET that might have caused the sudden drop in its share price.
September 28, 2015	Appointment of Officer The Board of Directors of Trans-Asia Petroleum Corporation approved today the appointment of Arthur R. Villacorte as AVP-Materials Management