

COVER SHEET

for
SEC FORM 17-Q

SEC Registration Number

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Company Name

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

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Form Type

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Department requiring the report

	N	A	
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Secondary License Type, If Applicable

	N	A	
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COMPANY INFORMATION

Company's Email Address

www.transasia-energy.com
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Company's Telephone Number/s

8700-100

Mobile Number

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No. of Stockholders

2,987

Annual Meeting
Month/Day

04/23

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Mariejo P. Bautista

Email Address

mpbautista@phinma.com.ph
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Telephone Number/s

8700-100

Mobile Number

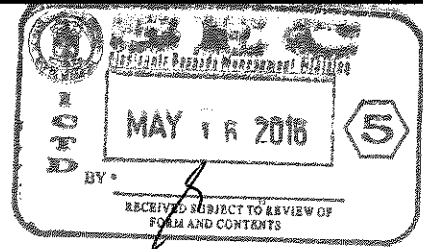
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Contact Person's Address

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

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

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



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2016**
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 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 No
 - (b) has been subject to such filing requirements for the past ninety (90) days.
Yes 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 May 11, 2016.

TRANS-ASIA PETROLEUM CORPORATION



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
March 31, 2016 and December 31, 2015
and Three Months Ended March 31, 2016 and 2015

TRANS-ASIA PETROLEUM CORPORATION AND A SUBSIDIARY
INTERIM CONSOLIDATED FINANCIAL POSITION

	March	December 31
	2016	2015
	Unaudited	Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱3,046,906	₱4,456,177
Investments held for trading (Note 5)	94,103,062	95,837,558
Receivables (Note 6)	20,068,359	20,056,945
Prepaid expense	22,292	55,732
Total Current Assets	117,240,619	120,406,412
Noncurrent Assets		
Property and equipment (Note 7)	188,618	216,912
Deferred exploration costs (Note 8)	90,013,535	89,129,867
Deferred income tax asset (Note 12)	7,086	3,440
Total Noncurrent Assets	90,209,239	89,350,219
TOTAL ASSETS	₱207,449,858	₱209,756,631
LIABILITIES AND EQUITY		
Current Liability		
Accounts payable and other current liabilities (Note 9)	₱220,307	₱597,928
Equity		
Attributable to Equity Holders of the Parent Company:		
Capital stock (Note 11)	250,000,000	250,000,000
Deficit	(45,183,328)	(43,256,854)
	204,816,672	206,743,146
Non-controlling interest (Note 14)	2,412,879	2,415,557
Total Equity	207,229,551	209,158,703
TOTAL LIABILITIES AND EQUITY	₱207,449,858	₱209,756,631

See accompanying Notes to Interim Consolidated Financial Statements.

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

	Unaudited	
	For the Three Months Ended	
	March 31	
	2016	2015
INTEREST INCOME (Note 4)	₱2,231	₱47,221
EXPENSES		
Employee cost	1,165,950	994,292
Management and professional fees (Note 8)	463,772	500,098
Filing and registration fees	255,638	324,237
Supplies	179,723	211,555
Utilities	57,439	150
Depreciation	28,293	28,293
Meetings	17,352	3,625
Taxes and licenses	19,650	22,286
Transportation	1,270	1,155
Insurance	1,122	1,132
Others	67,405	75,779
	2,257,614	2,162,602
OTHER INCOME (CHARGES)		
Gains on changes in fair value of investments held for trading - net (Note 5)	324,137	238,996
Foreign exchange gains /(losses)	(1,552)	18,086
	322,585	257,082
LOSS BEFORE INCOME TAX	₱1,932,798	₱1,858,299
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current (Note 11)	-	21
Deferred	(3,646)	(23,439)
	(3,646)	(23,418)
NET LOSS FOR THE PERIOD	₱1,929,152	₱1,834,881
Attributable to:		
Equity holders of the Parent Company	₱1,926,474	₱1,824,699
Non-controlling interest (Note 13)	2,678	10,182
	₱1,929,152	₱1,834,881
Basic Loss Per Share (Note 12)	₱0.008	₱0.007

See accompanying Notes to Interim Consolidated Financial Statements.

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

	Unaudited	
	For the Three Months Ended	
	March 31	
	2016	2015
NET LOSS FOR THE PERIOD	₱1,929,152	₱1,834,881
OTHER COMPREHENSIVE INCOME	–	–
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	₱1,929,152	₱1,834,881
Attributable to:		
Equity holders of the Parent Company	₱1,926,474	₱1,824,699
Non-controlling interest (Note 13)	2,678	10,182
	₱1,929,152	₱1,834,881

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 THREE MONTHS ENDED MARCH 31, 2016 AND 2015**

	Attributable to Equity Holders of the Parent Company			Non-controlling Interest (Note 13)	Total Equity
	Capital Stock (Note 10)	Deficit	Total		
BALANCES AT JANUARY 1, 2016	₱250,000,000	(₱43,256,854)	₱206,743,146	₱2,415,557	₱209,158,703
Net loss for the period	–	(1,926,474)	(1,926,474)	(2,678)	(1,929,152)
BALANCES AT MARCH 31, 2016	₱250,000,000	(₱45,183,328)	₱204,816,672	₱2,412,879	₱207,229,551
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	–	(1,824,699)	(1,824,699)	(10,182)	(1,834,881)
BALANCES AT MARCH 31, 2015	₱250,000,000	(₱34,513,142)	₱215,486,858	₱2,531,578	₱218,018,436

See accompanying Notes to Interim Consolidated Financial Statements.

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

	Unaudited	
	For the Three Months Ended	
	March 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(P1,932,798)	(P1,858,299)
Adjustments for:		
Net unrealized losses (gains) on changes in fair value of investments held for trading - net (Note 5)	(290,504)	(238,995)
Depreciation	28,294	28,293
Interest income from cash in banks	(2,231)	(47,221)
Foreign exchange (gains)/losses – net	(688)	7,456
Operating loss before working capital changes	(2,197,927)	(2,108,766)
Decrease (increase) in Receivables	(11,469)	859,817
Amortization	33,440	-
Increase (decrease) in accounts payable and other current liabilities	(377,621)	(391,030)
Interest income received	2,286	47,221
Net cash flows from (used in) operating activities	(2,551,291)	(1,592,758)
CASH FLOWS FROM INVESTING ACTIVITY		
Proceeds from redemption of investments held for trading	2,025,000	-
Additions to deferred exploration costs	(883,668)	(187,275)
Net cash flows from (used in) investing activities	1,141,332	(187,275)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,409,959)	(1,780,033)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(688)	(7,456)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,456,177	42,808,622
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	P3,046,906	P41,021,133

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 69.35% owned by the Parent Company. The Parent Company and its subsidiary are 50.74% and 30.65% owned, respectively, by Trans-Asia Oil and Energy Development Corporation (TA Oil). The ultimate parent company is Philippine Investment Management (PHINMA), Inc. TA Oil and PHINMA are both incorporated and domiciled in the Philippines. The Company has not started commercial operations yet as at April 12, 2016.

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.

On April 7, 2015, the Board of Directors (BOD) and shareholders of TA Petroleum approved the change of principal office address from Makati, Rizal, Philippines to Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City. The SEC approved the change of principal office address on July 3, 2015.

The interim consolidated financial statements were approved and authorized for issuance by the BOD on April 12, 2016.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation and Statement of Compliance

The interim consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The interim consolidated financial statements have been prepared on a the historical cost basis, except for investments held for trading, which have been measured at fair value. 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, 2015.

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 has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

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

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

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

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

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

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments and improvements to the Philippine Accounting Standards (PAS) which became effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments and improvements did not have significant impact on the Company's consolidated financial statements.

- PAS 16, *Property, Plant 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, plant 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. These amendments will not have any impact on the Company's consolidated financial statements as the Company has not used a revenue-based method to depreciate its noncurrent assets.

- PAS 16, *Property, Plant 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. The amendments are not applicable to the Company as it does not have any bearer plants.

- 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. These amendments will not have any impact on the Company's consolidated financial statements.

- 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. These amendments are not expected to have any impact to the Company.

- 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 income and OCI. 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. The standard is not applicable to the Company since it is an existing PFRS preparer.

- PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception* (Amendments)

These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity (IE) that measures all of its subsidiaries at fair value and that only a subsidiary of an IE that is not an IE itself and that provides support services to the IE parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the IE associate or joint venture to its interests in subsidiaries. These amendments are effective from annual periods beginning on or after January 1, 2016. These amendments will not have any impact on the Company's consolidated financial statements since none of the entities within the Company is an investment entity nor does the Company have investment entity associates or joint venture.

- PAS 1, *Presentation of Financial Statements - Disclosure Initiative* (Amendments)

The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. The amendments clarify the following:

- That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions
- That specific line items in the statement of income and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Company does not expect the amendment to have a significant impact on the consolidated financial statements.

- *Annual Improvements to PFRS* (2012–2014 cycle)

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 consolidated financial statements.

- 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).

Future Changes in Accounting Policies

The Company will adopt the following standards and interpretations enumerated below when these become effective.

Effective January 1, 2018

- PFRS 9, *Financial Instruments*

In July 2014, the International Accounting Standards Board (IASB) issued the final version of PFRS 9, *Financial Instruments*. The new standard (renamed as 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. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Company did not early adopt PFRS 9.

The adoption of PFRS 9 is not expected to have any significant impact on the Company's consolidated financial statements.

No definite adoption date prescribed by the SEC and FRSC

- Philippine Interpretation International Financial Reporting Interpretations Committee (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 IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The interpretation will not be applicable to the Company.

In addition, the IASB has issued the following new standards that have not yet been adopted locally by the SEC and Financial Reporting Standards Council (FRSC). The Company is currently assessing the impact of these new standards and plans to adopt them on their required effective date once adopted locally.

- 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, 2018 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.

- IFRS 16, *Leases*

On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

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

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

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, *Revenue from Contracts with Customers*. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Company is currently assessing the impact of PFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

Current versus Noncurrent Classification

The Company presents assets and liabilities in consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Fair Value Measurement

The Company measures financial instruments at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in Note 15.

Fair value is the estimated 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 by the Company.

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

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

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

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

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the 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 as explained above.

Financial Instruments - Initial Recognition and Subsequent Measurement

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

Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at FVPL, transaction costs that are attributable to the acquisition of the financial asset.

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.

Subsequent Measurement. For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at FVPL
- Loans and receivables
- HTM investments
- AFS financial assets

The Company has no financial assets which are HTM investments and AFS financial assets as at December 31, 2015 and 2014.

a. Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by PAS 39.

Net changes in fair value relating to the held-for-trading positions are recognized in the consolidated statement of income as gain or loss on changes in fair value of investment held for trading under “Gains (losses) on changes in fair value of investments held trading - net” included in “Other income (charges)” account. Interest and other financial income or charges are recorded when earned or incurred, respectively, while dividend income is recorded when the right to receive payment has been established.

The Company has no financial asset designated at FVPL on initial recognition.

The Company’s investments in unit investment trust funds (UITFs) are classified as financial assets held for trading (see Notes 5 and 15).

b. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less

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

The Company's cash and cash equivalents and receivables are classified as loans and receivables (see Notes 4 and 6).

Derecognition

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

- the rights to receive cash flows from the asset have expired or
- 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 has 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.

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

Impairment of Financial Assets

The Company assesses, at each reporting 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.

Financial Assets Carried at Amortized Cost. For financial assets carried at amortized cost, the Company first assesses whether 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, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them 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.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows future expected credit losses

that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the consolidated statement of income. Interest income is recognized in the consolidated statement of income, continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated 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. If a write-off is later recovered, the recovery is recognized in the consolidated statement of income.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include accounts payable and other current liabilities (excluding statutory payables).

Subsequent Measurement. For purposes of subsequent measurement, financial liabilities are classified either as financial liabilities at FVPL or loans and borrowings. The Company has no financial liabilities at FVPL as at December 31, 2015 and 2014.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method.

Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the EIR amortization process.

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

The Company's accounts payable and other current liabilities (excluding statutory payables) are classified as loans and borrowings (see Note 9).

Derecognition

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 the consolidated statement of income.

Offsetting of Financial Instruments

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

Prepaid Expenses

Prepaid expenses, which mainly pertain to prepayments on computer software subscription, are expected to be amortized over a period not exceeding 12 months from the reporting date.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in the consolidated statement of income as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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.

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

An item of property and equipment and any significant part initially recognized 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 asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognized.

The residual values and useful lives of property and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Foreign Currency Denominated Transactions and Balances

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items

measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or in the consolidated statement of income are also recognized in OCI or in the consolidated statement of income, respectively).

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 arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

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

The Company's service contracts (SC) are all under exploration stage, thus, the Company recognizes its share of the related exploration expenses as it is billed through cash calls.

Deferred Exploration Costs

The Company follows the full cost method of accounting for exploration costs determined on the basis of each SC area. Under this method, all exploration costs relating to each SC are tentatively deferred pending 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 with an allowance when an impairment occurs. 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 Property and Equipment and Deferred Exploration Cost

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For

longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the consolidated statement of income in expense categories consistent with the function of the impaired asset

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Property and Equipment. For property and equipment, the Company assesses for impairment on the basis of impairment indicators such as evidence of internal obsolescence or physical damage.

Deferred Exploration Costs. Deferred exploration costs are assessed for impairment when:

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

When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, impairment loss is measured, presented and disclosed in accordance with PAS 36.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized in the consolidated statements of income.

Capital Stock

Capital stock represents the portion of the paid-in capital representing the total par value of the shares issued.

Deficit

Deficit represents the cumulative balance of net loss.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognized.

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

Expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decreases of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Taxes

Current Income Tax. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

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

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

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the

deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nontaxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) 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 and excess MCIT over RCIT can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in 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 reporting date.

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

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

Earnings Per Share (EPS)

Basic EPS is computed based on weighted average number of issued and outstanding common shares during each year after giving retroactive effect to stock dividends declared during the year. Diluted EPS is computed as if the stock options were exercised as at the beginning of the year and as if the funds obtained from exercise were used to purchase common shares at the average market price during the year. Outstanding stock options will have a dilutive effect under the treasury stock method only when the fair value of the underlying common shares during the period exceeds the exercise price of the option. Where the outstanding stock options have no dilutive effect and the Company does not have any potential common share nor other instruments that may entitle the holder to common shares, diluted EPS is the same as basic EPS.

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. Financial information on business segments is presented in Note 16 to the consolidated financial statements.

Contingencies

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

Events After the Reporting Period

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

3. Significant Accounting Judgments and Estimates

The Company's consolidated financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. In preparing the Company's 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 consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the 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 operations of the Company.

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 March 31, 2016 and December 31, 2015, 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 years ended December 31, 2015, 2014 and 2013. Based on prior years' experience, management believes that extensions and moratoriums requested that are pending approval by the Philippine Department of Energy (DOE) as at April 12, 2016 will be eventually approved. The carrying value of deferred exploration costs amounted to ₱90,013,535 and ₱89,129,867 as at March 31, 2016 and December 31, 2015, 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.

The Company recognized deferred income tax asset amounting to ₱7,086 and ₱3,440 as at March 31, 2016 and December 31, 2015, respectively. Unrecognized deferred income tax asset as at March 31, 2016 and December 31, 2015 amounted to ₱11,418,755 and ₱10,744,652 respectively (see Note 12).

Estimating Allowance for Doubtful Account for the Receivable from a Third Party The Company maintains allowance for doubtful accounts based on the results of the individual assessment under PAS 39. Under the individual assessment, the Company considers the significant financial difficulties of the customer or significant delays in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on age and status of financial asset, as well as historical loss experience. The methodology and assumptions used for the impairment assessment are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year. As at March 31, 2016 and December 31, 2015, the Company did not recognize any allowance for doubtful accounts. The carrying value of receivable from a third party amounted to ₱20.0 million as at March 31, 2016 and December 31, 2015 (see Note 6).

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 ₱94,103,062 and ₱ 95,837,558 as at March 31, 2016 and December 31, 2015, respectively.

4. Cash and Cash Equivalents

	March 31, 2016	December 31, 2015
Cash on hand and in banks	₱1,698,191	₱3,108,679
Short-term deposits	1,348,715	1,347,498
	₱3,046,906	₱4,456,177

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 ₱2,231 and ₱47,221 as at March 31, 2016 and March 31, 2015 respectively.

5. Investments Held for Trading

Investments held for trading consist of investments in UITFs amounting to ₱94,103,062 and ₱95,837,558 as at March 31, 2016 and December 31, 2015, respectively. The changes in fair value on investments held for trading amounted to a gain of ₱324,137 and ₱238,996 as at March 31, 2016 and March 31, 2015 respectively.

6. Receivables

This account consists of the following:

	2016	2015
Current:		
Trade receivables	₱28,562	₱28,562
Receivable from a third party (Note 8)	20,000,000	20,000,000
Advances to officers and employees	39,797	28,383
	₱20,068,359	₱20,056,945

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

	March 31, 2016						
	Total	Neither Past Due Nor Impaired	Past Due but not Impaired				Over 90 days
			<30 Days	31-60 Days	61-90 Days	Over 90 days	
Trade receivables	₱28,562	₱-	₱-	₱-	₱-	₱28,562	
Receivable from a third party	20,000,000	20,000,000	-	-	-	-	-
Advances to officers and employees	39,797	30,085	-	-	9,712	-	-
	₱20,068,359	₱20,030,085	₱-	₱-	₱9,712	₱28,562	

	December 31, 2015						
	Total	Neither Past Due Nor Impaired	Past Due but not Impaired				Over 90 days
			<30 Days	31-60 Days	61-90 Days	Over 90 days	
Trade receivables	₱28,562	₱-	₱-	₱-	₱-	₱28,562	
Receivable from a third party	20,000,000	20,000,000	-	-	-	-	-
Advances to officers and employees	28,383	11,383	-	17,000	-	-	-
	₱20,056,945	₱20,011,383	₱-	₱17,000	₱-	₱28,562	

Trade receivables mainly represent return of cash call from Otto Energy. The Company's receivables and advances to officers are noninterest-bearing and normally collected throughout the financial year.

Receivable from a third party is due 24 months after the release of the funds.

7. Property and Equipment

Details and movement of this account follow:

	March 31, 2016		
	Office Equipment	Miscellaneous Assets	Total
Cost -			
Balance at beginning and end of year	₱245,000	₱94,515	₱339,515
Less accumulated depreciation:			
Balance at beginning of year	88,478	34,125	122,603
Depreciation	20,419	7,875	28,294
Balance at end of year	108,897	42,000	150,897
Net book value	₱136,103	₱52,515	₱188,618

	December 31, 2015		
	Office Equipment	Miscellaneous Assets	Total
Cost:			
Balance at beginning and end of year	₱245,000	₱94,515	₱339,515
Balance at end of year	245,000	94,515	339,515
Less accumulated depreciation:			
Balance at beginning of year	6,806	2,625	9,431
Depreciation	81,672	31,500	113,172
Balance at end of year	88,478	34,125	122,603
Net book value	₱156,522	₱60,390	₱216,912

8. Deferred Exploration Costs

As at March 31, 2016 and December 31, 2015, details of deferred exploration costs are as follows:

	March 31, 2016	December 31, 2015
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	19,967,351	19,083,683
Block B	4,862,765	4,862,765
SC 50 (Farm In Agreement)	11,719,086	11,719,086
	₱84,300,325	83,416,657
Palawan55 -		
SC 55 (Southwest Palawan)	5,713,210	5,713,210
	₱90,013,535	₱89,129,867

Below is the rollforward analysis of the deferred exploration costs as at March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Balance at beginning of year	₱89,129,867	₱85,967,118
Additions:		
Cash calls	883,668	3,162,749
Balance at end of year	₱90,013,535	₱89,129,867

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 March 31, 2016 and December 31, 2015, 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:

	March 31, 2016	December 31, 2015
Accounts payable:	₱–	₱118,241
Accrued expenses:		
Professional fees	107,834	236,311
Filing and registration fees	–	–
Others	–	243,376
Withholding taxes	112,473	–
	₱220,307	₱597,928

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.

Company	For the Three Months Ended March 31, 2016			
	Amount/Volume	Nature	Terms	Conditions
<i>Ultimate Parent Company</i> PHINMA, Inc.				
Share in expenses	8,336	Variable expenses	30-60 day terms; noninterest- bearing	Unsecured

Company	For the Three Months Ended March 31, 2015			
	Amount/Volume	Nature	Terms	Conditions
<i>Under Common Control</i>				
T-O Insurance Brokers, Inc.				
Insurance	₱1,122	Insurance	On demand; noninterest- bearing	Unsecured
<i>Ultimate Parent Company</i>				
PHINMA				
Management and professional fees	180,000	Management fees	30-60 day terms; noninterest- bearing	Unsecured

PHINMA, Inc.

The Company has a management contract with PHINMA, Inc. up to January 1, 2018, renewable thereafter upon mutual agreement. Under this contract, PHINMA, Inc. has a general management authority with corresponding responsibility over all operations and personnel of the Company including planning, direction, and supervision of all the operations, and other business activities. Under the existing agreement, the Company pays PHINMA, Inc. a fixed monthly management fee plus an annual incentive based on a certain percentage of the Company's net income. Beginning January 2016, the Company's management fee was suspended.

PHINMA Corp.

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

T-O Insurance

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

11. Capital Stock**Capital stock**

Following are the details of the Company's capital stock with par value of ₱1 as at March 31, 2016 and December 31, 2015:

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

On August 28, 2012, the Parent Company's BOD and stockholders approved the increase in the authorized capital stock, subject to the approval of the SEC, from ₱40 million divided into 4 billion shares with a par value of ₱0.01 per share to ₱1.0 billion divided into 100 billion shares with a par value of ₱0.01 per share. The increase in authorized capital stock was approved by the SEC on November 28, 2012.

On April 22, 2013, the Parent Company's BOD and stockholders voted to increase the par value of capital stock from ₱0.01 to ₱1.00 per share, which reduced the number of authorized capital stock from 100 billion to 1 billion and the issued and outstanding shares from 25 billion to 250 million. The increase in par value per share was approved by the SEC on June 3, 2013.

The total number of stockholder as of March 31, 2016 and December 31, 2015 are 2,987 and 2990, 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:

	Three Months Ended March 31,	
	2016	2015
Benefit from income tax at statutory rate	(P579,839)	(P557,490)
Tax effects of:		
Movement in NOLCO for which no deferred income tax asset was recognized	674,103	619,937
Net unrealized gain on changes in fair value of investments held for trading	(97,241)	(71,699)
Interest income subject to final tax	(669)	(14,166)
	(P3,646)	(P23,418)

- b. The Company did not recognize deferred income tax asset on the unused NOLCO of P38,062,517 and P35,815,506 as at March 31, 2016 and December 31, 2015, 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
2013	2016	P9,380,729
2014	2017	14,498,595
2015	2018	11,936,182
2016	2019	2,247,011
		P38,062,517

- d. NOLCO amounting to P3,294,285 and P36,750 expired in 2015 and 2014, respectively.
- e. As at March 31, 2016 and December 31, 2015, the Company recognized deferred income tax asset of P7,086 and P3,440 respectively, as management believes that sufficient taxable income will be available to which the deferred income tax asset can be utilized.

13. Basic Loss Per Share

	Three Months Ended March 31	
	2016	2015
(a) Net loss attributable to equity holders of the Parent Company	P1,926,474	P1,824,699
(b) Weighted average number of common shares outstanding	250,000,000	250,000,000
Basic loss per share (a/b)	P0.008	P0.007

14. Material Partly-Owned Subsidiary

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

	For the three months ended March 31	
	2016	2015
Proportion of equity interest held by NCI	30.65%	30.65%
Accumulated balance of material NCI	₱2,412,879	₱2,531,578
Net loss allocated to material NCI	2,678	10,182

The summarized financial information of Palawan55 are provided below. There were no intercompany eliminations between the Parent Company and Palawan55.

Summarized interim statements of income and interim statements of comprehensive income

	For the three months ended March 31	
	2016	2015
Revenues	₱1,653	₱4,660
Expenses	10,391	64,820
Benefit from deferred income tax	–	19,446
Net loss	₱8,739	₱40,714
Attributable to NCI	₱2,678	₱10,182
Total comprehensive loss	₱8,739	₱40,714
Attributable to NCI	₱2,678	₱10,182

Summarized interim balance sheets

	March 31,	December 31, 2015
Total current assets	₱2,211,801	₱2,227,529
Total noncurrent assets	5,713,210	5,713,210
Total current liabilities	52,331	59,320
Total equity	₱7,872,680	₱7,881,419
Attributable to equity holders of the Parent Company	₱5,459,801	₱5,465,862
NCI	₱2,412,879	₱2,415,557

Summarized interim cash flow information

	For the three months ended March 31	
	2016	2015
Operating cash flows / Net increase (decrease) in cash and cash equivalents	(₱26,981)	(₱51,985)

There were no dividends paid to non-controlling interest for the period March 31, 2016 and 2015.

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.

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 March 31, 2016, the Company has receivables denominated in U.S. dollar amounting to \$606 or ₱28,562.

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 three months ended March 31, 2016 and for the year ended December 31, 2015.

Capital includes all the items appearing in the equity section of the Company’s interim consolidated balance sheets totaling P207,449,858 and P209,756,631 as at March 31, 2016 and December 31, 2015, respectively.

Fair Value of Financial Assets and Financial Liabilities

The following table shows the classifications, carrying values and fair values of the financial instruments:

2016				
	Carrying Value	Fair Value		
		Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Asset				
Financial assets at FVPL –				
Investments held for trading	P94,103,062	P–	P94,103,062	P–
2015				
	Carrying Value	Fair Value		
		Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Asset				
Financial assets at FVPL –				
Investments held for trading	P95,837,558	P–	P95,837,558	P–

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.

As at March 31, 2016 and December 31, 2015, there were no transfers between levels of fair value measurement.

Offsetting of Financial Instruments

There were no offsetting of financial instruments for the quarter ended March 31, 2016 and for the year ended December 31, 2015.

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 April 12, 2016, the Company has not started commercial operations yet and has no revenue nor gross profit. The total assets of the segment of P207,449,858 and P209,756,631 as at March 31, 2016 and December 31, 2015, 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 March 31, 2016 and December 31, 2015 and for the three months ended March 31, 2016 and 2015. The unaudited interim consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards or *PFRS*.

Results of Operation

	For the three months ended March 31		Increase (Decrease)	
	2016	2015	Amount	%
Interest income	₱2,231	₱47,221	(₱44,990)	(95%)
Cost and expenses	2,257,614	2,162,602	95,012	4%
Other income (charges)	322,585	257,082	65,503	25%
Loss before income tax	(1,932,798)	(1,858,299)	74,499	4%
Provision for (benefit from) income tax	(3,646)	(23,439)	(19,793)	(84%)
Net Loss	(₱1,929,152)	(₱1,834,881)	₱94,271	5%

The following are the material changes in the Consolidated Statements of Income for the quarter ending March 31, 2016 and 2015:

- Consolidated interest income decreased for the first three months of 2016 compared to 2015 because of lower short-term deposits on the period covered
- Other income improved with the higher gains realized from changes in fair value of investments held for trading
- Benefit from income tax recognized in 2016 and 2015 is from the movements of unrealized forex loss.

Consolidated Statements of Financial Position

	March	December	Increase (Decrease)	
	2016	2015	Amount	%
Current Assets				
Cash and cash equivalents	₱3,046,906	₱4,456,177	(₱1,409,271)	(32%)
Investments held for trading	94,103,062	95,837,558	(1,734,496)	(2%)
Receivables	20,068,359	20,056,945	11,414	(0%)
Prepaid expense	22,292	55,732	(33,440)	(61%)
Total Current Assets	117,240,619	120,406,412	(3,165,793)	(3%)
Noncurrent Assets				
Deferred exploration costs	90,013,535	89,129,867	883,668	1%
Property and equipment	188,618	216,912	(28,294)	(13%)
Deferred income tax asset	7,086	3,440	3,646	106%
Total Noncurrent Assets	90,209,239	89,350,219	859,020	1%
TOTAL ASSETS	₱207,449,858	₱209,756,631	(₱2,307,773)	(1%)

The following are the material changes in asset accounts in the Consolidated Statements of Financial Position as at March 31, 2016 and December 31, 2015:

- Decrease in cash and cash equivalents and investments held for trading were primarily due to the expenditures related to Company's activities
- Prepaid expense decreased due to the amortization of license used in technical review.
- Decrease in property and equipment is attributed to depreciation.
- Deferred tax asset went up due to movement of unrealized foreign exchange loss.

	March 2016	December 2015	Increase (Decrease)	
			Amount	%
Current Liabilities				
Accounts payable and other current liabilities	₱220,307	₱597,298	(376,991)	(63%)
Total Current Liabilities	₱220,307	₱597,298	(376,991)	(63%)
Equity				
Attributable to Equity Holders of the Parent Company:				
Capital stock	250,000,000	250,000,000	–	–
Deficit	(45,183,328)	(43,256,854)	1,926,474	4%
	204,816,672	206,743,146	(1,926,474)	(1%)
Non-controlling interest	2,412,879	2,415,557	(2,678)	(0%)
Total Equity	207,229,551	209,158,703	(1,929,152)	(1%)
TOTAL LIABILITIES AND EQUITY	₱207,449,858	209,756,631	(2,306,773)	(1%)

- Decrease in current liabilities pertain mainly to payment of accrued expenses during for the first three months ended March 31, 2016
- Deficit increased due to additional net losses for the period attributed to the Parent Company

Consolidated Statement of Cash Flows

	For the three months ended March		Increase (Decrease)	
	2016	2015	Amount	%
Net cash flows used in operating activities	(2,551,291)	(1,592,758)	958,533	60%
Net cash flows from (used in) investing activities	1,141,332	(187,275)	1,328,607	-
Net decrease in cash and cash equivalents	(1,410,959)	(1,780,033)	(369,074)	(21%)
Effect of exchange rate changes on cash & cash equivalents	(688)	(7,456)	(6,768)	(91%)
Cash and cash equivalent at beginning period	4,456,177	42,808,622	(38,352,445)	(90%)
Cash and cash equivalent at end of period	3,046,906	41,021,133	(37,974,227)	(93%)

- Net cash flows used in operating activities increased due to operating expenses and payment of liabilities.
- 2016 net cash flows from investing activities are from proceeds from redemption of investments held for trading net of additions to deferred exploration cost in SC6 A.

- No financing activities occurred during the current and previous period

Financial Soundness Indicators

Key Performance Indicator	Formula	2016	2015	Increase (Decrease)	
				Amount	%
Liquidity Ratios Current Ratio	Current assets	532.17	201.37	330.80	164%
	Current liabilities				
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets	532.07	201.28	330.79	21%
	Current liabilities				
Solvency Ratios Debt-to-equity ratio	Total liabilities	0.00	0.00	0.00	-63%
	Total equity				
Asset-to-equity ratio	Total assets	1.00	1.00	0.00	0%
	Total equity				
Interest coverage ratio	Earnings before interest & tax (EBIT)	N/A	N/A	N/A	N/A
	Interest expense				
Net debt-to-equity ratio	Debt - cash and cash equivalents	N/A	N/A	N/A	N/A
	Total equity				
Profitability Ratios Return on equity	Net income after tax	-0.93%	-0.84%	-0.09%	11%
	Average stockholders' equity				
Return on assets	Net income before taxes	-0.93%	-0.85%	-0.08%	9%
	Average total assets				
Asset turnover	Revenues	N/A	N/A	N/A	N/A
	Total assets				

Current ratio and acid test ratio

Current ratio and acid test ratio improved with the reclassification of receivables from noncurrent to current asset.

Debt-to-equity ratio

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

Asset-to-equity ratio

As at March 31, 2016, 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.

Asset turnover

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

During the first quarter of 2016:

- 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 except those already disclosed in the Consolidated Financial Statements.
- There were no material trends, demands, commitments, events or uncertainties known to the Company that would likely affect adversely the liquidity of the Company except for those mentioned above and in the Consolidated Financial Statements.
- 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.
- 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 cyclicity.

TRANS-ASIA PETROLEUM CORPORATION
PROGRESS REPORT
For the Quarter, January 1, 2016 to March 31, 2016

SC 6 Block A (Northwest Palawan)

Seismic data reprocessing work was 60% completed.

TAPET has 7.78% participating interest in SC 6 Block A.

SC 6 Block B (Northwest Palawan)

Seismic data reprocessing work was completed.

TAPET owns 14.063% participating interest in SC 6 Block B.

SC 51 (East Visayas)

The Filipino partners (non-operators) negotiated with the DOE regarding their request for revision of the Sub-Phase 5 work program and declaration of force majeure. Approval of Otto Energy's (Operator) withdrawal from SC 51 remains pending with the DOE.

TAPET holds 6.67% participating interest in SC 51, which will be adjusted to 33.34% upon DOE approval of the withdrawal of Otto Energy.

SC 55 (Ultra Deepwater West Palawan)

The consortium's request for a 2-year moratorium is under consideration by the DOE.

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

SC 69 (Camotes Sea)

The DOE approved the conduct of a multi-client 2D seismic survey proposed by a service company in a number of areas. The seismic campaign includes a program in the SC 69 block.

TAPET holds 50% participating interest in SC 69.

SC 50 (Northwest Palawan)

The DOE ruled that the tenure of SC 50 expired. Frontier Energy, the Operator, appealed the DOE's decision.


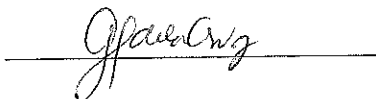
TAPET's 10% participating interest in SC 50 awaits approval by the DOE.

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 first quarter ended March 31, 2016 covered by this report:

Date of Filing	Items Reported
January 25, 2016	<p>Notice of Annual Shareholders Meeting</p> <p>Please be advised that the annual meeting of shareholders of TRANS-ASIA PETROLEUM CORPORATION will be held on Tuesday, April 12, 2016, at 10:30 in the morning at the Manila Peninsula Hotel, Makati City.</p> <p>AGENDA</p> <ol style="list-style-type: none">1. Call to Order2. Proof of Notice and Determination of Quorum3. Minutes of Previous Meeting4. Annual Report of Management and Confirmation of all acts of the Board of Directors and of Management since the last Annual Shareholders Meeting5. Election of Directors6. Appointment of External Auditors7. Other Matters8. Adjournment <p>For the explanation of each agenda item, please refer to the attached Annex "A".</p> <p>The record date for the determination of the shareholders entitled to notice of said meeting and to vote thereat is at March 23, 2016.</p>
February 23, 2016	<p>Matters taken up during the board meeting held today, 23 February 2016</p> <p>Approval of Audited Financial Statements as of year ended 31 December 2015</p>
February 23, 2016	<p>Notice of Annual Shareholders Meeting</p> <p>Please be advised that the annual meeting of shareholders of TRANS-ASIA PETROLEUM CORPORATION will be held on Tuesday, April 12, 2016, at 10:30 in the morning at the Manila Peninsula Hotel, Makati City.</p>

AGENDA

1. Call to Order
2. Proof of Notice and Determination of Quorum
3. Minutes of Previous Meeting
4. Annual Report of Management and Confirmation of all acts of the Board of Directors and of Management since the last Annual Shareholders Meeting
5. Election of Directors
6. Appointment of External Auditors
7. Other Matters
8. Adjournment

For the explanation of each agenda item, please refer to the attached Annex "A".

The record date for the determination of the shareholders entitled to notice of said meeting and to vote thereat is at March 14, 2016.

Amended to change the Record date to March 14, 2016 to coincide with the date of distribution of Information Statement to Shareholders on March 18, 2016.