COVER SHEET

40979
SEC Registration Number

SEAFRONT RESOURCES CORPORATION
(Company's Full Name)

7TH FLOOR JMT BUILDING
ADB AVENUE ORTIGAS CENTER
PASIG CITY
(Business Address: No. Street City/Town/Province)

MILAGROS V. REYES
(Contact Person)

8637-2917
(Company Telephone Number)

12	31	**1st Quarter Report** 17-Q	06	24
Month	*Day*		*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

4,686
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. March 31, 2021
For the quarterly period ended

2. SEC Identification Number 40979 3. BIR Tax Identification No. 000-194-465-000

3. Seafront Resources Corporation
Exact name of registrant as specified in its charter

4. Manila, Philippines
Province, country or other jurisdiction of incorporation

5. (SEC Use Only)
Industry Classification Code:

5. 7th Floor, JMT Condominium, ADB Avenue, Ortigas Center, Pasig City 1605
Address of principal office Postal Code

6. (632) 8637-29-17
Registrant's telephone number, including area code

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Common (par value of P1.00/share)	163,000,000
Amount of Debt Outstanding	₱52,338,215

9. Are any or all of the securities listed on the Philippine Stock Exchange?

All issued and outstanding common shares are listed in the Philippine Stock Exchange

10. Indicate by check mark whether the registrant:

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

Yes [✓]

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

Yes [✓]

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SEAFRONT RESOURCES CORPORATION

STATEMENTS OF FINANCIAL POSITION

	31-Mar-21 (Unaudited)	31-Mar-20 (Unaudited)	31-Dec-20 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	**₱79,326,023**	₱45,344,383	₱77,117,729
Financial assets at fair value through profit or loss (FVTPL)	**36,159,468**	29,757,961	38,399,292
Receivables	**4,899,930**	366,701	353,174
Other current assets	**1,231,478**	1,099,541	1,175,050
Total Current Assets	**121,616,899**	76,568,586	117,045,245
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	**462,296,542**	531,512,743	467,049,955
TOTAL ASSETS	**₱583,913,441**	₱608,081,329	₱584,095,200
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	**₱1,233,865**	₱428,740	₱802,286
Noncurrent Liability			
Deferred tax liability	**51,104,350**	62,568,371	51,104,350
Total Liabilities	**52,338,215**	62,997,111	51,906,636
Equity			
Capital stock - ₱1 par value			
Authorized - 388,000,000 shares			
Issued and outstanding - 163,000,000 shares	**163,000,000**	163,000,000	163,000,000
Net unrealized gains on financial assets at FVOCI	**296,295,450**	353,021,314	298,044,651
Retained earnings	**72,279,776**	29,062,904	71,143,913
Total Equity	**531,575,226**	545,084,218	532,188,564
TOTAL LIABILITIES AND EQUITY	**₱583,913,441**	₱608,081,329	₱584,095,200

See accompanying Notes to Financial Statements.

SEAFRONT RESOURCES CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	31-Mar-21 (Unaudited)	31-Mar-20 (Unaudited)
REVENUES		
Dividend income	**₱4,530,011**	₱–
Interest income	**148,776**	236,317
Other income	**84,964**	85,158
	4,763,751	321,475
EXPENSES AND CHARGES		
General and administrative expenses	**1,386,648**	372,166
Net losses on fair value changes on financial assets at FVTPL	**2,239,824**	15,530,457
	3,626,472	15,902,623
INCOME (LOSS) BEFORE INCOME TAX	**₱1,137,279**	₱(15,581,148)
PROVISION FOR INCOME TAX	**1,416**	1,699
NET INCOME (LOSS)	**₱1,135,863**	₱(15,582,847)
OTHER COMPREHENSIVE INCOME (LOSS)		
Items to be reclassified to profit or loss in subsequent periods		
Net unrealized gains (losses) on financial assets at FVOCI - net of tax	**(1,749,202)**	(6,392,922)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱613,339)**	(₱21,975,769)
Basic and Diluted Earnings (Loss) Per Share	**(₱0.007)**	(₱0.096)

See accompanying Notes to Financial Statements.

SEAFRONT RESOURCES CORPORATION
STATEMENTS OF CHANGES IN EQUITY

	Capital Stock	Net Unrealized Gains (Loss) on Financial Assets at FVOCI	Retained Earnings (Deficit)	Total
	For the 1st Quarter Ended March 31, 2021 (Unaudited)			
BALANCES AT BEGINNING OF YEAR	**₱163,000,000**	**₱298,044,651**	**₱71,143,913**	**₱532,188,564**
Net loss	–	–	1,135,863	1,135,863
Other comprehensive loss	–	(1,749,202)	–	(1,749,202)
Total comprehensive loss	–	(1,749,202)	1,135,863	(613,339)
BALANCES AT END OF QUARTER	**₱163,000,000**	**₱296,295,449**	**₱72,279,776**	**₱531,575,226**
	For the 1st Quarter Ended March 31, 2020 (Unaudited)			
BALANCES AT DECEMBER 31, 2019	**₱163,000,000**	**₱359,414,236**	**₱44,645,751**	**₱567,059,987**
Net income	–	–	(15,582,847)	(15,582,847)
Other comprehensive income	–	(6,392,922)	–	(6,392,922)
Total comprehensive income	–	(6,392,922)	(15,582,847)	(21,975,769)
BALANCES AT END OF QUARTER	**₱163,000,000**	**₱353,021,314**	**₱29,062,904**	**₱545,084,218**
	For the Year Ended December 31, 2020 (Audited)			
BALANCES AT DECEMBER 31, 2019	**₱163,000,000**	**₱359,414,236**	**₱44,645,751**	**₱567,059,987**
Net income	–	–	26,498,162	26,498,162
Other comprehensive income	–	(61,369,585)	–	(61,369,585)
Total comprehensive income	–	(61,369,585)	26,498,162	(34,871,423)
BALANCES AT DECEMBER 31, 2020	**₱163,000,000**	**₱298,044,651**	**₱71,143,913**	**₱532,188,564**

See accompanying Notes to Financial Statements.

SEAFRONT RESOURCES CORPORATION
STATEMENTS OF CASH FLOWS

	31-Mar-21 (Unaudited)	31-Mar-20 (Unaudited)	31-Dec-20 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱1,137,279**	(₱15,581,148)	₱26,504,899
Adjustments for:			
Net loss (gain) on fair value changes on financial assets at FVTPL	**2,239,824**	15,530,457	6,889,126
Dividend income	**(4,530,011)**	–	(34,029,410)
Interest income	**(148,776)**	(236,317)	(666,938)
Operating loss before working capital changes	**(1,301,684)**	(287,008)	(1,302,323)
Decrease (increase) in:			
Receivables	**(55,047)**	18,973	11,211
Other current assets	**(56,427)**	(30,998)	(106,507)
Increase (decrease) in accounts payable and accrued expenses	**430,164**	(155,553)	212,954
Cash used in operations	**(982,996)**	(454,586)	(1,184,665)
Dividends received	–	28,920	34,008,615
Interest received	**187,079**	228,235	729,860
Net cash used in operating activities	**(795,917)**	(197,431)	33,553,810
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at FVOCI	**3,004,211**	2,504,545	526,650
Payment of subscription payable	–	–	–
Net cash provided by investing activities	**3,004,211**	2,504,545	526,650
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,208,294**	2,307,114	34,080,460
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**77,117,729**	43,037,269	43,037,269
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱79,326,023**	₱45,344,383	₱77,117,729

See accompanying Notes to Financial Statements.

SEAFRONT RESOURCES CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Seafront Resources Corporation (the Company or SRC) was registered with the Securities and Exchange Commission (SEC) on April 16, 1970 as an oil exploration and production company. On October 18, 1996, the Company amended its Articles of Incorporation which provides for the revision of its primary purpose from engaging in the business of oil exploration and production into a holding company and to include oil exploration and production business as one of its secondary purposes. The Company's shares of stock were listed on May 7, 1974 and are currently traded at the Philippine Stock Exchange.

The registered office address of the Company is 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City.

The accompanying financial statements were approved and authorized for issue by the Board of Directors (BOD)..

2. Basis of Preparation

Basis of Preparation
The accompanying financial statements of the Company have been prepared under the historical cost basis, except for the financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI), which have been measured at fair value. The Company's financial statements are presented in Philippine Peso (₱), which is also the Company's functional and presentation currency.

The Company has investment in trust funds. The transactions and balances of the Company's trust funds (see Note 7) are consolidated on a line by line basis with the Company. The trust fund reports are prepared for the same reporting year as the Company, using consistent accounting policies in accordance with Philippine Financial Reporting Standards (PFRSs).

Statement of Compliance
The financial statements of the Company have been prepared in accordance with PFRSs. The term PFRSs, in general, include all applicable PFRSs, Philippine Accounting Standards (PASs) and Interpretations issued by the Standing Interpretations Committee, the Philippine Interpretations Committee (PIC) and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the Philippine SEC.

3. Changes in Accounting Policies and Disclosures

New Accounting Standards, Interpretations and Amendments Effective Subsequent to December 31, 2020
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Company shall also disclose information about:

  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Company is not required to restate prior periods.

  The amendments are expected not to have a material impact on the Company.

Effective beginning on or after January 1, 2022

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a First-time Adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

4. **Summary of Significant Accounting Policies**

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

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 subsequently measured at amortized cost; FVOCI; and FVTPL.

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

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

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

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

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

Financial assets at amortized cost (debt instruments)
The Company measures financial assets at amortized cost if both of the following conditions are met:

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

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

The Company's financial assets at amortized cost includes cash and cash equivalents and receivables.

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

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

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

The Company's financial assets at FVTPL consists of investments in quoted equity securities held for trading.

Financial assets designated at FVOCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32 and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company's financial assets at FVOCI include quoted and unquoted equity securities and quoted government securities.

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

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

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

Financial liabilities - Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, 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.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at FVTPL
- Financial liabilities at amortized cost

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

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

The Company's financial liabilities at amortized cost includes accounts payable and accrued expenses, excluding statutory liabilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Stock
Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. When the Company purchases its own capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity.

Retained Earnings

Retained earnings represent accumulated earnings of the Company less dividends declared and with consideration of any changes in accounting policies and other adjustments applied retroactively. The retained earnings of the Company are available for dividends only upon approval and declaration of the BOD.

Earnings Per Share (EPS)

Basic earnings per share are computed on the basis of the weighted average number of shares outstanding during the year after giving retroactive effect for any stock dividends declared in the current year.

Diluted earnings per share, if applicable, is computed on the basis of the weighted average number of shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There are no dilutive potential common shares that would require disclosure of diluted earnings per common share in the financial statements.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has concluded that it is the principal in its revenue arrangement since it is the primary obligor in all revenue arrangements, has pricing latitude and is also exposed to credit risk.

Dividend income

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when the BOD approves the dividend declaration.

Interest income

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

Service income

The Company recognizes revenue from services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company.

Rental income

Rental income under non-cancellable leases is recognized in the on a straight-line basis over the lease terms, as provided under the terms of the lease contract.

General and Administrative Expenses

Expenses are recorded when incurred. General and administrative expenses constitute costs of administering the business.

Income Tax

Current tax

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

Deferred tax

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

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

The carrying amount of deferred 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 tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

Events After the Reporting Date

Post year-end events up to the date of auditors' report that provide additional information about the Company's situation at the reporting date (adjusting events) are reflected in the financial statements, if any. Post year-end events that are not adjusting events are disclosed in the notes when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the accompanying financial statements requires management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. The judgments, estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such estimates.

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

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

Recognition of deferred tax assets
The Company's deferred tax assets pertain to the carryforward benefits of NOLCO and excess MCIT over RCIT. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Company did not recognize deferred tax assets amounting to ₱1.54 million as of December 31, 2020 and March 31, 2021. Management believes that it may not be probable that sufficient taxable income will be available against which the income tax benefits can be realized prior to their expiration.

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

Estimation of fair value of unquoted equity securities classified as financial assets at FVOCI
The Company uses its judgment to select the most appropriate valuation methodology to value its unquoted equity investments and make assumptions that are mainly based on market conditions existing at each reporting period. As of March 31, 2021 and December 31, 2020, the Company valued the unquoted equity securities classified as financial assets at FVOCI using the adjusted net asset method which is a combination of the market and income approaches. It involves directly measuring the fair value of the assets and liabilities of the investee company. Assets of the investee company consist mainly of parcels of land for sale which is adjusted to its fair value. The fair value adjustments arising from changes in fair value of unquoted equity securities are fully disclosed in Note 8.

6. Cash and Cash Equivalents

	31-Mar-21 (Unaudited)	31-Dec-20 (Audited)
Cash in banks	**₱1,399,515**	₱2,377,686
Cash equivalents	**77,926,508**	74,740,043
	₱79,326,023	₱77,117,729

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

Interest income earned on cash in banks and cash equivalents amounted to ₱0.15 million, ₱0.24 million and ₱0.67 million for the 1st quarter 2021 and 2020, as of December 31, 2020, respectively.

7. **Investment in Trust Funds**

The Company established trust funds (the Trust) which are being administered by a local bank under two trust agreements. The details of the trust funds based on the financial statements issued by the trustee bank as follows:

	31-Mar-21 (Unaudited)	31-Dec-20 (Audited)
Assets		
Cash and cash equivalents	**₱9,087,009**	₱6,014,443
Financial assets at FVTPL	**13,371,252**	13,515,806
Financial assets at FVOCI - government securities	**1,074,074**	4,123,003
Receivables	**4,402**	30,670
	23,536,738	23,683,922
Liability		
Accounts payable and accrued expenses	**(40,094)**	(41,096)
	₱23,496,644	₱23,642,826
Equity		
Principal fund	**₱28,056,417**	₱28,056,417
Accumulated trust fund loss at beginning of year	**(4,413,591)**	(3,175,198)
Trust fund income (loss) for the year	**(146,182)**	(1,238,393)
Accumulated trust fund loss at end of year	**(4,559,773)**	(4,413,591)
	₱23,496,644	₱23,642,826

The assets, liabilities and performance of the fund are consolidated in the applicable accounts of the Company for financial statement presentation purposes.

8. **Financial Assets**

The Company's financial assets are summarized by measurement categories as follows:

	31-Mar-21 (Unaudited)	31-Dec-20 (Audited)
Cash and cash equivalents	**₱79,326,023**	₱77,117,729
Receivables	**4,899,930**	353,174
Financial assets at FVTPL	**36,159,468**	38,399,292
Financial assets at FVOCI	**462,296,542**	467,049,955
	₱582,681,963	₱582,920,150

<u>Financial Assets at FVTPL</u>
Details of financial assets at FVTPL consisting of quoted equity securities follow:

	31-Mar-21 (Unaudited)	31-Dec-20 (Audited)
Fair value	**₱36,159,468**	₱38,399,292
Acquisition cost	**48,100,916**	48,100,916

The net loss on fair value changes on financial assets at FVTPL amounted to ₱2.24 million, ₱15.53 million and ₱6.89 million for the 1st quarter 2021 and 2020 and for the year ended December 31, 2020, respectively.

The movements in financial assets at FVTPL for the 1st quarter ended March 31, 2021 and year ended December 31, 2020 follow:

	31-Mar-21 (Unaudited)	31-Dec-20 (Audited)
Balance at beginning of year	**₱38,399,292**	₱45,288,418
Fair value gain (loss) recognized during the year	**(2,239,824)**	(6,889,126)
Balance at end of year	**₱36,159,468**	₱38,399,292

Financial Assets at FVOCI

Financial assets at FVOCI consist of quoted and unquoted shares of stock held for long-term investment purposes and are carried at fair value. The carrying values of these investments are as follows:

	31-Mar-21 (Unaudited)	31-Dec-20 (Audited)
Quoted equity securities:		
PetroEnergy Resources Corporation (PERC)	**₱14,249,308**	₱14,403,355
Benguet Corporation	**6,218,858**	7,773,572
	20,468,166	22,176,927
Unquoted equity security:		
Hermosa Ecozone Development Corporation (HEDC)	**440,750,025**	440,750,025
	440,750,025	440,750,025
Investments in government securities	**1,078,351**	4,123,003
	₱467,049,955	₱467,049,955

The movements in financial assets at FVOCI for the 1st quarter ended March 31, 2021 and year ended December 31, 2020 follow:

	31-Mar-21 (Unaudited)	31-Dec-20 (Audited)
Balance at beginning of year	**₱467,049,955**	₱540,410,212
Fair value gain (loss) recognized during the year	**(1,749,202)**	(72,873,248)
Payment of subscription payable to HEDC	**–**	–
Movement of government securities	**(3,004,211)**	(487,009)
Balance at end of year	**₱462,296,542**	₱467,049,955

Movements in the net unrealized gains on financial assets at FVOCI in equity are as follows:

	31-Mar-21 (Unaudited)	31-Dec-20 (Audited)
Balance at beginning of year	**₱298,044,651**	₱359,414,236
Net unrealized fair value changes of financial assets at FVOCI	**(1,749,202)**	(61,369,585)
Balance at end of year	**₱296,295,449**	₱298,044,651

Dividend income earned on its investments amounted to ₱4.53 million for the 1st quarter of 2021, nil for the 1st quarter of 2020 and ₱34.03 million for the year ended 2020.

Investment in HEDC

On January 31, 1997, the Company entered into a Project Shareholders' Agreement with five other companies led by Investment and Capital Corporation of the Philippines (ICCP) and Penta Capital Investment Corporation (PCIC) to develop 500 to 600 hectares of raw land in Hermosa, Bataan into a new township consisting of industrial estates, residential communities, a golf and country club and a commercial center.

The fair value of investment in HEDC is determined using the adjusted net asset value method wherein the assets of HEDC consisting mainly of parcels of land are adjusted from cost to its fair value. The valuation of the parcels of land was performed by a SEC-accredited independent appraiser as at December 31, 2020. This measurement falls under Level 3 in the fair value hierarchy.

Fair value measurement disclosures for the determination of fair value of unquoted equity securities are provided in Note 14.

9. **Receivables**

	31-Mar-21 (Unaudited)	31-Dec-20 (Audited)
Dividends receivable	**₱4,768,620**	₱238,609
Accrued interest receivable	**22,865**	61,167
Rent receivable	**51,525**	34,425
Receivable from HEDC	**56,920**	18,973
	₱4,899,930	₱353,174

10. **Other Income**

	31-Mar-21 (Unaudited)	31-Dec-20 (Audited)	31-Dec-19 (Audited)
Service income	**₱66,964**	₱267,857	₱267,857
Rental income	**18,000**	69,000	61,040
	₱84,964	₱336,857	₱328,897

Service income pertains to accounting services rendered by the Company to HEDC.

Rental income pertains to rentals earned from the two (2) parking slots owned by the Company which are classified as investment property. As of March 31, 2021 and December 31, 2020, the cost of the fully depreciated parking slots amounted to ₱207,598.

The fair value of the investment property ranges from ₱800,000 to ₱1,000,000 per slot as of March 31, 2021 and December 31, 2020. This has been determined on the basis of recent sales of similar properties in the same area as the investment property and taking into account the economic conditions prevailing at the time the valuation was made. There are no related costs for the operation of the investment property.

11. **Related Party Transactions**

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprises and its key management personnel, directors, or its shareholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company in its regular conduct of business has entered into the following transactions with related parties consisting of reimbursement of expenses and management and accounting services agreements.

The Company's financial statements include the following amounts resulting from transactions with related parties:

		31-Mar-21 (Unaudited)			
	Nature of transaction	**Amount/ Volume**	**Receivables/ (Accounts payable)**	**Terms**	**Conditions**
Affiliate:					
PERC	**Reimbursements**	**₱1,558**	**(₱1,558)***	**Noninterest bearing; due and demandable**	**Unsecured**
HEDC	**Accounting services**	**56,920**	**56,920**	**- do -**	**Unsecured, no impairment**
		₱58,478			

** included as part of accounts payable and accrued expenses*

		31-Dec-20 (Audited)			
	Nature of transaction	Amount/ Volume	Receivables/ (Accounts payable)	Terms	Conditions
Affiliate:					
PERC	Reimbursements	₱83,431	(₱2,812)*	Noninterest bearing; due and demandable	Unsecured
HEDC	Accounting services	267,857	18,973	- do -	Unsecured, no impairment
		₱351,288			

** included as part of accounts payable and accrued expenses*

The Company has no employee. PERC provides administrative support to the Company. Therefore, no compensation and short-term benefits for key management personnel were charged in profit or loss for the quarter ended March 31, 2021 and 2020 and year ended December 31, 2020.

Terms and conditions of transactions with related parties
Outstanding balances at year-end are to be settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

12. **Financial Instruments**

Categories and Fair Values of Financial Instruments
The methods and assumptions used by the Company in estimating the fair values of the financial instruments are:

Cash and cash equivalents and receivables
Due to the short-term nature of the instruments, carrying amounts approximate fair values as of the reporting date.

Government securities
Fair values are generally based on quoted market prices at reporting date. This is under Level 1 category of the fair value hierarchy.

Equity securities
For quoted equity securities, fair values are based on published quoted prices. This is under Level 1 category of the fair value hierarchy.

For unquoted equity securities, fair values are determined using the adjusted net asset value method which involves directly measuring the fair value of the assets and liabilities of the investee company. This measurement falls under Level 3 in the fair value hierarchy.

Accounts payable and accrued expenses
Carrying values approximate fair values due to their short-term nature.

Description of significant unobservable inputs to valuation:
The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2021 and December 31, 2020 are shown below:

	Valuation technique	Significant unobservable inputs	Range
Unquoted equity shares at FVOCI	Adjusted net asset value method	Price per square meter	₱460 - ₱5,820

The appraised value of the land was determined using the market approach which is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets. Net adjustment factors arising from external and internal factors (i.e. location, size/shape/terrain, and development) affecting the subject properties as compared to the market listing of comparable properties ranges from -5% to -10%. Significant favorable (unfavorable) adjustments to the aforementioned factors based on the professional judgment of the independent appraisers would increase (decrease) the fair value of land, in return the fair value of the unquoted financial asset.

Financial Risk Management Objectives and Policies
The Company's financial instruments comprise cash and cash equivalents, receivables, financial assets and accounts payable and accrued expenses. The main purpose of these financial instruments is to fund its own operations and capital expenditures. The BOD reviews and approves policies for managing these risks. Also, the Audit Committee of the BOD meets regularly and exercises oversight role in managing these risks.

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

Liquidity risk
Liquidity risk is the risk that the Company is unable to meet its financial obligation when due. The Company has substantial investments in shares of stock which are not listed in the Philippine Stock Exchange and may not be readily convertible to liquid assets necessary to meet any potential additional liquidity requirements of the Company. Investments in unquoted equity securities classified as financial assets at FVOCI amounted to ₱440.75 million as of March 31, 2021 and December 31, 2020, respectively.

The Company monitors its cash position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.

The Company's accounts payable and accrued expenses are all settled on a monthly basis.

The tables below summarize the maturity profile of the Company's financial assets and liabilities as of March 31, 2021 and December 31, 2020 based on contractual undiscounted payments.

	31-Mar-21 (Unaudited)			
	On demand	**Within one year**	**More than one year**	**Total**
Financial assets				
Financial assets at FVTPL:				
Equity securities	**₱36,159,468**	**₱–**	**₱–**	**₱36,159,468**
Financial assets at amortized cost:				
Cash and cash equivalents	**79,326,023**	**–**	**–**	**79,326,023**
Receivables:				
Receivable from HEDC	**56,920**	**–**	**–**	**56,920**
Rent receivable	**51,525**	**–**	**–**	**51,525**
Accrued interest receivable	**22,865**	**–**	**–**	**22,865**
Dividends receivable	**–**	**4,768,620**		**4,768,620**
Financial assets at FVOCI:				
Quoted equity securities:				
PERC	**–**	**–**	**14,249,308**	**14,249,308**
Benguet Corporation	**–**	**–**	**6,218,858**	**6,218,858**
Unquoted equity security:				
HEDC	**–**	**–**	**440,750,025**	**440,750,025**
Government securities	**–**	**–**	**1,078,358**	**1,078,358**
	115,616,801	**4,768,620**	**462,296,549**	**582,681,970**
Financial liabilities at amortized cost:				
Accounts payable and accrued expenses	**1,233,865**	**–**	**–**	**1,233,865**
	1,233,865	**–**	**–**	**1,233,865**
Net financial assets	**₱114,382,936**	**₱4768,620**	**₱462,296,549**	**₱581,448,105**

31-Dec-20 (Audited)				
	On demand	Within one year	More than one year	Total
Financial assets				
Financial assets at FVTPL:				
Equity securities	**₱38,399,292**	**₱–**	**₱–**	**₱38,399,292**
Financial assets at amortized cost:				
Cash and cash equivalents	**77,117,729**	**–**	**–**	**77,117,729**
Receivables:				
Receivable from HEDC	**18,973**	**–**	**–**	**18,973**
Rent receivable	**34,425**	**–**	**–**	**34,425**
Accrued interest receivable	**61,167**	**–**	**–**	**61,167**
Dividends receivable	**–**	**238,609**		**238,609**
Financial assets at FVOCI:				
Quoted equity securities:				
PERC	**–**	**–**	**14,403,355**	**14,403,355**
Benguet Corporation	**–**	**–**	**7,773,572**	**7,773,572**
Unquoted equity security:				
HEDC	**–**	**–**	**440,750,025**	**440,750,025**
Investments in government securities	**–**	**–**	**4,123,003**	**4,123,003**
	115,631,586	**238,609**	**467,049,955**	**582,920,150**
Financial liabilities at amortized cost:				
Accounts payable and accrued expenses	**802,286**	**–**	**–**	**802,286**
	802,286	**–**	**–**	**802,286**
Net financial assets	**₱114,829,300**	**₱238,609**	**₱467,049,955**	**₱582,117,864**

Market risk

Market risk is the risk of loss on future earnings, on fair values or on future cash flows that may result from changes in market prices. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchanges rates, commodity prices, equity prices and other market changes. The Company's market risk emanates from its holdings in debt and equity securities.

The Company closely monitors the prices of its debt and equity securities as well as macroeconomic and entity-specific factors which could directly or indirectly affect the prices of these instruments. In case of an expected decline in its portfolio of equity securities, the Company readily disposes or trades the securities for replacement with more viable and less risky investments.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. With respect to credit risk arising from cash and cash equivalents, receivables, financial assets at FVTPL and financial assets at FVOCI, the Company's exposure to credit risk is equal to the carrying amount of these instruments. The Company limits its credit risk on these assets by dealing only with reputable counterparties.

For cash and cash equivalents and quoted government securities, the Company applies the low credit risk simplification where the Company measures the ECLs on a 12-month basis based on the probability of default and loss given default which are publicly available. The Company also evaluates the credit rating of the bank and other financial institutions to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers its cash and cash equivalents and quoted government securities as high grade since these are placed in financial institutions of high credit standing. Accordingly, ECLs relating to these debt instruments rounds to nil.

The Company's receivables are aged current as of March 31, 2021 and December 31, 2020. No receivables are considered credit-impaired.

As of March 31, 2021 and December 31, 2020, the carrying values of the Company's financial instruments represent maximum exposure as of reporting date.

The table below shows the comparative summary of maximum credit risk exposures on financial instruments as of March 31, 2021 and December 31, 2020:

	31-Mar-21 (Unaudited)	31-Dec-20 (Audited)
Financial assets at FVTPL:		
Equity securities	**₱36,159,468**	₱38,399,292
Financial assets at amortized cost:		
Cash and cash equivalents	**79,326,023**	77,117,729
Receivable from HEDC	**56,920**	18,973
Rent receivable	**51,525**	34,425
Accrued interest receivable	**22,865**	61,167
Dividend receivable	**4,768,620**	238,609
Financial assets at FVOCI:		
Quoted equity securities:		
PERC	**14,249,308**	14,403,335
Benguet Corporation	**6,218,858**	7,773,572
Unquoted equity security:		
HEDC	**440,750,025**	440,750,025
Investments in government securities	**1,078,351**	4,123,003
	₱582,681,963	₱582,920,150

The following tables show financial instruments recognized at fair value as of March 31, 2021 and December 31, 2020, analyzed between those whose fair values are based on:

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

		31-Mar-21 (Unaudited)		
	Level 1	**Level 2**	**Level 3**	**Fair Value**
Financial assets:				
Financial assets at FVTPL:				
Equity securities	**₱36,159,468**	**₱–**	**₱–**	**₱36,159,468**
Financial assets at FVOCI:				
PERC	**14,249,308**	**–**	**–**	**14,249,308**
Benguet Corporation	**6,218,858**	**–**	**–**	**6,218,858**
HEDC	**–**	**–**	**440,750,025**	**440,750,025**
Investments in government securities	**1,078,351**	**–**	**–**	**1,078,351**
	₱57,705,985	**₱–**	**₱440,750,025**	**₱498,456,010**

	31-Dec-20 (Audited)			
	Level 1	Level 2	Level 3	Fair Value
Financial assets:				
Financial assets at FVTPL:				
Equity securities	₱38,399,292	₱–	₱–	₱38,399,292
Financial assets at FVOCI:				
PERC	14,403,355	–	–	14,403,355
Benguet Corporation	7,773,572	–	–	7,773,572
HEDC	–	–	400,750,025	400,750,025
Investments in government securities	4,123,003	–	–	4,610,013
	₱64,699,222	₱–	₱440,750,025	₱505,449,247

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements in March 31, 2021 and December 31, 2020.

13. Capital Management

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

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

The Company monitors capital using a debt-to-equity ratio, which is total debt divided by total equity. The Company includes within total debt the following: accounts payable and accrued expenses. Total equity includes capital stock, net unrealized gains on financial assets at FVOCI and retained earnings.

The Company has no externally imposed capital requirements as of March 31, 2021 and December 31, 2020.

The table below demonstrates the debt-to-equity ratios of the Company as of March 31, 2021 and December 31, 2020:

	31-Mar-21 (Unaudited)	31-Dec-20 (Audited)
Total liabilities:		
Accounts payable and accrued expenses	**₱1,233,865**	₱802,286
Total equity:		
Capital stock	**₱163,000,000**	₱163,000,000
Net unrealized gains on financial assets at FVOCI	**296,295,450**	298,044,651
Retained earnings	**72,279,776**	71,143,913
	531,575,226	₱532,188,564
Debt-to-equity ratio	**0.0023:1**	0.0015:1

There were no changes in the objectives, policies or processes for the 1st quarter 2021 and year ended December 31, 2020.

The Company has retained earnings available for dividend declaration amounting to ₱81.41 million as of March 31, 2021.

The Company's track record of capital stock is as follows:

	Number of shares registered	Issue/ offer price	Date of SEC approval	Number of holders as of year-end
Listing date - May 7, 1974	10,000,000,000	₱0.01/share	November 5, 1973	
Add (deduct):				
50% stock dividend	5,000,000,000	0.01/share	November 27, 1981	
60% stock dividend	9,000,000,000	0.01/share	October 31, 1990	
1:2.400 stock rights offering	10,000,000,000	0.01/share	September 28, 1992	
1:2.125 stock rights offering	16,000,000,000	0.01/share	February 8, 1994	
15% stock dividend	7,500,000,000	0.01/share	January 20, 1997	
Change in par value from ₱0.01/share to ₱1.00/share	(56,925,000,000)		August 14, 1997	
Quasi-reorganization	(412,000,000)	1/share	October 5, 1998	
December 31, 2010	163,000,000			4,941
Add (deduct): Movement	–	–	–	(38)
December 31, 2011	163,000,000			4,903
Add (deduct): Movement	–	–	–	(156)
December 31, 2012	163,000,000			4,747
Add (deduct): Movement	–	–	–	71
December 31, 2013	163,000,000			4,818
Add (deduct): Movement	–	–	–	(32)
December 31, 2014	163,000,000			4,786
Add (deduct): Movement	–	–	–	(28)
December 31, 2015	163,000,000			4,758
Add (deduct): Movement	–	–	–	–
December 31, 2016	163,000,000	–	–	4,758
Add (deduct): Movement	–	–	–	(41)
December 31, 2017	163,000,000	–	–	4,717
Add (deduct): Movement	–	–	–	(11)
December 31, 2018	163,000,000	–	–	4,706
Add (deduct): Movement	–	–	–	(14)
December 31, 2019	163,000,000	–	–	4,692
Add (deduct): Movement	–	–	–	(3)
December 31, 2020	163,000,000	–	–	4,689
Add (deduct): Movement	–	–	–	(3)
March 31, 2021	163,000,000	–	–	4,686

14. Basic and Diluted Earnings Per Share

The computations of the Company's basic earnings per share are as follows:

	31-Mar-21 (Unaudited)	**31-Mar-20 (Unaudited)**	31-Dec-20 (Audited)
Net income (loss)	**₱1,135,863**	(₱15,582,847)	₱26,498,162
Weighted average number of shares	**163,000,000**	163,000,000	163,000,000
Basic/Diluted earnings (loss) per share	**₱0.007**	(₱0.096)	₱0.163

The Company has no potentially dilutive common stock as of March 31, 2021, March 31, 2020, and December 31, 2020.

15. **Others**

a) The Interim Financial Report as of March 31, 2021 is in compliance with generally accepted accounting principles (all effective standards and interpretations under PFRS).

b) The same policies and methods of computation were followed in the preparation of the interim financial report compared to the December 31, 2020 Audited Financial Statements.

c) There are no unusual item or items that affected the assets, liabilities, equity and cash flows of the March 31, 2021 Financial Statements.

d) There are no material events happened subsequent to the end of March 31, 2021 that might affect the result of said financial statements.

e) Earnings per share is presented in the face of the unaudited statements of income for the period ended March 31, 2021 and March 31, 2020.

f) No significant events happened during the quarter that will affect the March 31, 2021 Unaudited Financial Statements.

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

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

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

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

k) There are no issuances, repurchases, repayments, repayments of debt and equity securities.

l) We are not required to disclose segment information in our financial statements because we only have one source of revenue.

m) There are no changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discounting operations during the period.

ITEM 2. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

1. Financial Condition (As of March 31, 2021 and March 31, 2020)

	31-Mar-21	31-Mar-20	% Change	% to Asset
ASSETS				
Cash & cash equivalents	**P79,326,023**	**P45,344,383**	74.94%	13.59%
Financial assets at FVTPL	**36,159,468**	**29,757,961**	21.51%	6.19%
Receivables	**4,899,930**	**366,701**	1236.22%	0.84%
Other current assets	**1,231,478**	**1,099,541**	12.00%	0.21%
Financial assets at FVOCI	**462,296,542**	**531,512,743**	-13.02%	79.17%
TOTAL ASSETS	**583,913,441**	**608,081,329**	-3.97%	100.00%
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	**1,233,865**	**428,740**	187.79%	0.21%
Deferred Tax Liability	**51,104,350**	**62,568,371**	-18.32%	8.75%
TOTAL LIABILITIES	**52,338,215**	**62,997,111**	-16.92%	8.96%
EQUITY	**531,575,226**	**545,084,218**	-2.48%	91.04%
TOTAL LIABILITIES AND EQUITY	**P583,913,441**	**P608,081,329**	-3.97%	100.00%

Total assets amounted to P583.913 million and P608.081 million as of March 31, 2021 and March 31, 2020, respectively.

The Company's cash and cash equivalents amounted to P79.326 million as of March 31, 2021 and P45.344 million as of March 31, 2020. The 74.94% net increase was due to cash dividend received from HEDC net of payment for working capital requirements during the period.

Financial assets at fair value through profit or loss amounted to P36.159 million and P29.758 million as of March 31, 2021 and as of March 31, 2020, respectively. The 21.51% increase is mainly due to positive movement of market values of investments in stocks traded at PSE.

Receivables account as of March 31, 2021 amounted to P4.900 million compared to P0.367 million as of March 31, 2020. The bulk of the increase pertains to dividend receivable from HEDC, which is expected to be received by April 2021 amounting to P4.530 million.

Other current assets consist of prepayments, prepaid taxes and input tax carry-overs. This amounted to P1.231 million and P1.100 million as of March 31, 2021 and March 31, 2020, respectively. The 12.00% net increase mainly represents additional input taxes recorded during the period.

Financial assets at FVOCI as of March 31, 2021 amounted to P462.297 million and P531.513 million as of March 31, 2020. The 13.02% net decrease is due to the revaluation of the investment in HEDC at year end 2020. The decline in the revaluation is net effect of the increase in the value of the remaining unsold lots, dividends declared during the period, actual costs / expenses for the sold lots and net income tax effect of the change in market value.

Accounts payable and accrued expenses amounted to P1.234 million and P0.429 million as of March 31, 2021 and March 31, 2020, respectively. The 187.79% increase is due to additional accruals made during the period.

Total Stockholders' Equity as of as of March 31, 2021 amounted to P531.575 million or P3.261 book value per share and P545.084 million or P3.344 book value per share as of March 31, 2020.

2. Results of Operations (For the Quarter ended March 31, 2021 and March 31, 2020)

	31-Mar-21	31-Mar-20	% Change 2021 vs. 2020	% in Total Revenue
REVENUES				
Interest income	**148,776**	**236,317**	-37.04%	3.12%
Dividend income	**4,530,011**	**-**	100.00%	95.09%
Other income-net	**84,964**	**85,158**	-0.23%	1.78%
TOTAL REVENUES/(LOSS)	**4,763,751**	**321,475**	1381.84%	100.00%
EXPENSES				
General & administrative	**1,386,648**	**372,166**	272.59%	29.11%
Net loss on fair value changes on financial assets at fair value through profit or loss	**2,239,824**	**15,530,457**	-85.58%	47.02%
TOTAL EXPENSES	**3,626,472**	**15,902,623**	-77.20%	76.13%
Income/(Loss) before income tax	**1,137,279**	**(15,581,148)**	-107.30%	23.87%
Provision for income tax	**1,416**	**1,699**	-16.66%	0.03%
NET INCOME/(LOSS)	**1,135,863**	**(15,582,847)**	-107.29%	23.84%

The Company posted a net income of P1.136 million or 0.007 earnings per share as of March 31, 2021 or compared to net loss of P15.583 million as of March 31, 2020.

The Company's net loss on fair value changes on financial assets at FVTPL amounted to P2.240 million and P15.530 million as of March 31, 2021 and March 31, 2020, respectively. The lower losses this period account to the net increase in market prices of the investment in PetroEnergy Resources Corporation's share from P2.50/share to P3.70/share, House of Investments' share from P3.70/share to P3.64/share and other investments.

Interest income amounted to P0.149 million and P0.236 million as of March 31, 2021 and March 31, 2020, respectively. There is a 37.04% decrease due to the lower interest rate per annum of money market placements.

Other income amounted to P0.085 million and P0.085 million as of March 31, 2021 and March 31, 2020 respectively. This pertains to the rental income from the Company's owned parking space in Tektite.

General and administrative expenses amounted to P1.387 million and P0.372 million as of March 31, 2021 and March 31, 2020, respectively. The 272.59% increase in the account pertains to the Company's share in the plug and abandonment cost of the Tara South 1 well of which the Company is historically a consortium member. Under SC 14 – TARA Service Contract, SRC is liable for its share in the abandonment cost.

Provision for income tax as of March 31, 2021 and 2020 pertains to the Minimum Corporate Income Tax (MCIT) set-up. The Company set-up MCIT rather than the 30% regular tax because most of its income are from unrealized market changes of investments and passive income subject to final tax.

3. Financial Conditions (As of March 31, 2021 and December 31, 2020)

	31-Mar-21	31-Dec-20	% Change	% Asset
ASSETS				
Cash & cash equivalents	**P79,326,023**	P77,117,729	2.86%	13.59%
Financial assets at FVTPL	**36,159,468**	38,399,292	-5.83%	6.19%
Receivables	**4,899,930**	353,174	1287.40%	0.84%
Other current assets	**1,231,478**	1,175,050	4.80%	0.21%
Financial assets at FVOCI	**462,296,542**	467,049,955	-1.02%	79.17%
TOTAL ASSETS	**583,913,441**	584,095,200	-0.03%	100.00%
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	**1,233,865**	802,286	53.79%	0.21%
Deferred Tax Liability	**51,104,350**	51,104,350	0.00%	8.75%
TOTAL LIABILITIES	**52,338,215**	51,906,636	0.83%	8.96%
EQUITY	**531,575,226**	532,188,564	-0.12%	91.04%
TOTAL LIABILITIES AND EQUITY	**P583,913,441**	P584,095,200	-0.03%	100.00%

Total assets amounted to P583.913 million as of March 31, 2021 compared to P584.095 million as of December 31, 2020.

The Company's cash and cash equivalents amounted to P79.326 million as of March 31, 2021 compared to P77.118 million as of December 31, 2020. The 2.86% increase pertains to the maturity of investment in government security recorded in financial assets at FVOCI net of payment of general and administrative expenses during the period.

Financial assets at FVTPL account as of March 31, 2021 amounted to P36.159 million compared to P38.399 million as of December 31, 2020. The 5.83% decrease pertains to negative movements of market values of investments in stocks traded at PSE during the period.

Receivables account as of March 31, 2021 amounted to P4.900 million compared to P0.353 million as of December 31, 2020. The 1287.40% increase pertains to dividend receivable from HEDC, which is expected to be received by April 2021 amounting to P4.530 million.

Other current assets as of March 31, 2021 amounted to P1.231 million compared to P1.175 million as of December 31, 2020. The increase is due to additional input taxes and other assets recorded during the period.

Bulk of the 1.02% decrease in financial asset at FVOCI pertains to the maturity of investment in government security amounting to P3 million.

Accounts payable and accrued expenses amounted to P1.234 million and P0.802 million as of March 31, 2021 and December 31, 2020, respectively. The 53.79% net increase accounts for the additional accruals made during the period.

Total Stockholders' Equity as of March 31, 2021 amounted to P531.575 million or P3.261 book value per share compared to P532.189 million or P3.265 book value as of December 31, 2020.

Except for items discussed above, there are no more changes in the financial statements that will reach the materiality threshold of 5%.

KEY PERFORMANCE INDICATORS (KPI):

The following liquidity and profitability ratios indicate acceptable levels of financial condition and performance of the company:

	Unaudited 31-Mar-21	Unaudited 31-Mar-20	Audited 31-Dec-20	**Formula**
Current ratio	**98.566:1**	178.59:1	145.89:1	Total Current Assets/Total Current Liabilities
Debt-equity ratio	**0.0023:1**	0.0008:1	0.0015:1	Liabilities/Total Stockholders' Equity
Net profit margin	**0.238%**	N/A	75.64%	Net Income/Total Revenue
Asset turnover	**0.0082:1**	0.0005:1	0.06:1	Revenue/Total Assets
Earnings/(loss) per share	**0.007**	(0.096)	0.163	Net Income (Loss)/Issued & Outstanding Shares

There is a decrease in the Company's current ratio as of March 31, 2021 as compared to March 31, 2020 mainly due to the increase in current assets and current liabilities.

There is an increase in the Company's debt-equity ratio as of March 31, 2021 compared to March 31, 2020 due to decrease in liabilities during the period.

Asset turnover for the 1st quarter 2021 is higher compared to the 1st quarter 2020 due to dividend income from HEDC.

Please refer to Financial Soundness Indicators for additional KPIs

Discussion of indicators of the Company's level of performance

Receivable Management

The Company's receivables reported in the Statements of Financial Position include the following:

1. Cash Dividends from various stock investments.

2. Accrued Interest Receivable from the Company's short term investments as of March 31, 2021 of which the Company will receive upon maturity.

Furthermore, the Company manages its receivables by monitoring on a regular basis to ensure timely execution of necessary interventions efforts.

Liquidity Management

The Company has substantial investments in shares of stock which are not listed in the Philippine Stock Exchange and may not be readily convertible to liquid assets necessary to meet any potential additional liquidity requirements of the Company. Investment in unquoted securities included in financial assets at FVOCI amounted to P440.750 million as of March 31, 2021 and December 31, 2020.

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

Seafront has considered the above factors and paid special attention to its cash flow management. The Company identifies all its cash requirements for a certain period and invests unrestricted funds to maximize interest earnings, i.e. money market placements.

Rate of Return of Each Stockholder

The Company has no existing dividend policy. However, the Company intends to declare dividends in the future out of its unrestricted retained earnings in accordance with the Corporation Code of the Philippines.

Cost Reduction Effort

In order to minimize expenses, the Company has engaged the services of PetroEnergy Resources Corporation to handle its legal, administrative, accounting and treasury functions.

Financial disclosures in view of the current financial condition

The Company is still on wait-and-see attitude with respect to investing in other businesses. It has no intention of increasing its capital stock. The current market does not warrant an aggressive stance towards investments. The Company is generating its funds from interest earnings on money market placements.

There are no known trends, demands, commitments, events or uncertainties that will have material impact on the Company's liquidity.

The Philippine economy is still affected by economic crisis, resulting in fluctuating foreign exchange rates and increase stock market uncertainties. Uncertainties including the impact of the COVID 19 pandemic remain as to whether the country will continue to be affected by regional trends in the coming months. The financial statements do not include any adjustments that might result from these uncertainties. Related effects will be reported in the financial statements, as they become known and estimable.

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

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

Financial Risk Management Objectives and Policies
Please refer to Note 12

Plan of Operations

A. Investment in Financial assets at FVOCI not traded in the market (Investment in HEDC)

As of March 31, 2021 and March 31, 2020, the Company holds 11.33% interest in its investment in Hermosa Development Corporation (HEDC).

The Management of HEDC is taking all efforts to sell portion of its saleable property, proceeds of which will be used to finance the development of the undeveloped portions of the property.

B. Investment in Financial Assets at FVTPL and FVOCI traded in the market

The Company will continue to closely monitor the prices of its securities as well as those specific factors which could directly or indirectly affect the prices of these instruments. Because such investments are subject to price risk due to changes in market values, an expected decline in the portfolio will prompt the Company to dispose or trade the securities for replacement with more viable and less risky investments in the future.

With the Company's current cash position, it can sustain its needs for operating expenses. The only possible material commitment is a cash call from HEDC, of which is not expected to call in the next twelve months. Thus, it does not intend to raise additional funds.

Aside from the Company's investments stated above, there are no other researches or development plans, and purchase or sale of significant equipment that the Company expects perform.

PART II - Other Information

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

SEAFRONT RESOURCES CORPORATION
SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON SRC RULE 68 AS AMENDED
MARCH 31, 2021

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

Below are the additional information and schedules required by SRC Rule 68, as Amended (2011) that are relevant to the Company. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets
Below is the detailed schedule of the Company's financial assets as of March 31, 2021:

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Income Received and Accrued
Financial assets at FVPL			
Equity Securities:			
PetroEnergy Resources Corporation	3,613,852	₱13,371,252	₱–
House of Investments, Inc.	2,484,000	9,041,760	–
Araneta Prop.	3,756,788	4,508,146	–
Ayala Land, Inc.	128,193	4,403,430	–
EEI Corporation	372,500	2,704,350	–
Others		2,130,530	–
		₱36,159,468	₱–

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Income Received and Accrued
Financial assets at FVOCI			
Debt equities			
Philippine Government	–	₱1,078,351	₱–
Quoted:			
Benguet Corporation	2,507,604	6,218,858	–
PetroEnergy Resources Corporation	3,851,164	14,249,308	–
	–	20,468,166	–
Unquoted:			
Hermosa Ecozone Development Corporation	–	440,750,025	4,530,011
	–	₱462,296,542	₱4,530,011

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price without any deduction for transaction costs. For securities in which current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For unquoted financial securities, the most recent sales transaction was used as the basis for determining the fair value as of March 31, 2021 and December 31, 2020.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
The Company has no outstanding receivables from its directors, officers, employees, related parties and principal stockholders as of March 31, 2021 and December 31, 2020.

Schedule C. Amounts Receivable from/Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
Not applicable.

Schedule D. Intangible Asset
The Company has no intangible assets as of March 31, 2021 and December 31, 2020.

Schedule E. Long-term Debt
The Company has no outstanding long-term debt as of March 31, 2021 and December 31, 2020.

Schedule F. Indebtedness to Related Parties (Long Term Loans from Related Companies)
The Company has no long-term indebtedness to related parties as of March 31, 2021 and December 31, 2020.

Schedule G. Guarantees of Securities of Other Issuers
The Company does not have guarantees of securities of other issuers as of March 31, 2021 and December 31, 2020.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of Shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common Shares	388,000,000	163,000,000	–	30,469,858	4,926	132,525,216

SEAFRONT RESOURCES CORPORATION
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Financial Soundness Indicators

Below are the financial ratios that are relevant to the Company for the 1st quarter ended March 31, 2021, March 31, 2020 and for the year ended December 31, 2020:

Financial ratios		31-Mar-21 (Unaudited)	31-Mar-20 (Unaudited)	31-Dec-20 (Audited)
Current ratio	Current assets / Current liabilities	**98.566:1**	178.59:1	145.89:1
Debt to assets	Total debt / Total assets	**0.09:1**	0.10:1	0.09:1
Asset-to-equity ratio	Total assets / Total equity	**1.10:1**	1.12:1	1.10:1
Earnings/(loss) per share	Net income / Weighted average no. of shares	**0.007:1**	N/A	0.16257:1
Price earnings ratio	Closing price / Earnings per share	**314.29**	N/A	11.38
Return on revenue	Net income / Total revenue	**0.24**	N/A	0.76
Long-term debt to equity ratio	Long-term debt / Equity	**N/A**	N/A	N/A
EBITDA to total interest paid	EBITDA* / Total interest paid	**N/A**	N/A	N/A

**Earnings before interest, taxes, depreciation and amortization (EBITDA)*

SEAFRONT RESOURCES CORPORATION
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
MARCH 31, 2021

Unadjusted retained earnings, beginning	**₱71,143,913**
Prior year adjustments:	
Unrealized fair value adjustments (marked-to-market)	**6,889,126**
Adjusted retained earnings, beginning	**78,033,039**
Net income (loss) during the period closed to retained earnings	**1,135,863**
Add: Non-actual/unrealized income net of tax	–
Less: Non-actual/unrealized income net of tax	**–**
Fair value adjustments (mark-to-market)	**2,239,824**
Impairment loss on available-for-sale financial assets	**–**
Net income actually incurred during the year	**3,375,687**
Less: Dividend declarations during the year	**–**
Total retained earnings available for dividends	**₱81,408,726**

SEAFRONT RESOURCES CORPORATION

MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

Group Structure
All existing stockholders as of March 31, 2021 neither constitute control nor significant influence over the Company. Also, the Company's investments neither constitute control nor significant influence.

SIGNATURES

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

Registrant : **SEAFRONT RESOURCES CORPORATION**

Signature and Title : Milagros V. Reyes - President

Signature and Title : Perry Y. Uy – Treasurer

Date : April 17, 2021