

COVER SHEET

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SEC Registration Number

S O C R E S O U R C E S I N C .

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(Company's Full Name)

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

Ronna C. De Leon

Contact Person

88041978/88041977

Company Telephone Number

SEC FORM 17-A

1	2
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3	1
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Month Day
Fiscal Year

FORM TYPE

0	6
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1	7
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Month _____ Day _____
Annual Meeting

Not Applicable

Secondary License Type, If Applicable

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Dept Requiring this Doc			
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Amended Articles Number / Section

Total Amount of Borrowings

358

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended December 31, 2021
2. SEC Identification Number ASO92-06441 3. BIR Tax Identification No. 001-945-016
4. Exact name of issuer as specified in its charter SOCResources, Inc.
5. Philippines 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
Incorporation or organization
7. 4th Floor Enzo Building 399 Senator Gil Puyat Avenue, Makati 1200
City Postal Code
Address of principal office
8. (632) 8804-1978 / 8804-1977
Issuer's telephone number, including area code
9. SOUTH CHINA RESOURCES, INC./ ENZO Bldg. Senator Gil Puyat Avenue
Makati City
Former name, former address and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding |
|----------------------|--|
| <u>Common Shares</u> | <u>901,920,568</u> |

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

Yes [☒] No [☐]

Name of Stock Exchange

Class of Securities Listed

Philippine Stock Exchange

U

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that the issuer was required to file such reports);

Yes [☒] No [☐]

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

Yes [☒] No [☐]

13. Aggregate market value of the voting stock held by non-affiliates is **₱121,485,924.00** as of **March 31,2022.**

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PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1: BUSINESS

The Securities and Exchange Commission (SEC), on October 30, 2003, approved the amendment of the Company's Articles of Incorporation to change the primary purpose thereof to that of a holding company and to include its then primary purpose of oil exploration as among the secondary purposes of the Company.

On April 25, 2014, the Board of Directors approved the amendment in the Articles of Incorporation to change the name of South China Resources, Inc. to SOCResources, Inc. (SOC). The change was approved by the Philippine SEC on September 04, 2014.

SOC was incorporated and registered with the SEC on September 25, 1992 primarily to undertake oil and gas exploration, development and production and became one of the leading exploration companies upon its listing in 1994. Starting in 1995, SOC opted to strengthen its core business by diversifying into other investments. After two decades, the company has now turned out to be one of the strongest holding companies in the market having had investments in real estate, steel fabrication, banking, telecommunications and energy exploration.

The diversification process, brought on by the financial crisis of the 90's, and honed through the years, allowed SOC to invest in technology based and long-term ventures. This gave the company the means to weather the lows of the period.

In response to the growing need for affordable housing for Filipinos, SOC followed on through the real estate business by acquiring on May 26, 2010 a 2.4-hectare plot in Buli, Muntinlupa strategically located along the South Luzon Expressway. It formed SOC Land Development Corporation (SOC Land), a wholly owned subsidiary, that put up quality homes at affordable prices SOC Land Development Corporation (SOC Land) is a wholly-owned subsidiary of the issuer with an authorized capital stock of One Hundred Sixty Million Pesos (PHP 160,000,000.00), a subscribed capital stock of Forty Million Pesos (PHP 40,000,000.00) and a paid-up capital of Ten Million Pesos (PHP 10,000,000.00). The subsidiary is the property development arm of the company, that is developing a 2.4-hectare community, called Anuva Residences (the Project), situated near Sucat Interchange. It will have four (4) tandem buildings.

The first tandem building of ANUVA RESIDENCES, the "ANALA", projects a Fun Zone image showcasing the Wet and Dry Play Area for children. Amenities facing Anala including the wading pool, children's playground, al fresco area, cascading water, pond and Trellis Park have been finished as of end 2016 for the residents' use and enjoyment as well as the parking slots in the lower ground floor for the residents to use.

The second tandem building known as AZALEA is currently in a preselling stage focusing on the Green Urban Living image with amenities like the reflecting pool, adult and kiddie pool, cascades, picnic groves, clubhouse, garden party and BBQ area. SOC Land marked another milestone as it celebrated on August 5, 2021 the ground breaking ceremony of the Azalea Tower. Azalea is a 21-storey residential building with 618 residential units and focuses on the Green Urban Living Image with amenities like reflecting pool, adult and kiddie pool, cascades, picnic grove, clubhouse, garden party and BBQ area.

SOC Land's horizontal residential development, ALTHEA RESIDENCES is situated in Brgy. Zapote, Biñan City, Laguna and featuring modern homes with tranquil vibe spread in 4.3 hectares of land. Althea Residences offers a total of 228 lots, house & lots and townhouse packages. The subsequent expansion into Phase 2 of ALTHEA RESIDENCES broke ground last March 17, 2021 targeting the middle- income market segment covering an area of 2.2 hectares, offers an additional one hundred thirty-two house and lot packages.

The two projects are a testament to SOC Land's commitment to its buyers in delivering quality properties in a timely manner, regardless of the economic and social situation. This is the distinct advantage of a property development company with no leverage and having equity funded projects.

Planning and design of the third and fourth towers of the Anuva Residences are ongoing while other sites in Pasay, Quezon City, Baguio, Pampanga, Laguna, Cavite, Batangas and Rizal are being considered for future developments.

SOC has identified other areas for potential investment. To address a growing population, now estimated at 100 million Filipinos and increasing every year, SOC looks at food production. The Company believes that a rising population coupled with rising incomes will drive greater food consumption. Opportunities have been identified to get in this value chain to grow a long-term business that will allow expansion laterally and vertically.

The Company entered into an agreement with the Palawan IP group Campong It Mapangarapan It Palawano (CAMPAL) of Rizal, Palawan to undertake agro-industrial development of their ancestral land. The National Commission for Indigenous Peoples (NCIP) handed over to the Company the Certificate of Pre-condition with FPIC (Free Prior Informed Consent) for the agreement last June 2016. The Company has completed project documentation with the LGUs (Local Government Units). SOC and CAMPAL conferred with the LGUs and the Palawan Council for Sustainable Development (PCSD) to secure the Strategic Environmental Plan (SEP) Clearance needed for the agro-industrial development with coffee as the initial undertaking. The PCSD in 2018 issued the SEP Clearance Certificate for the development of 3212 hectares of the IP area. The Company together with CAMPAL are still securing documentation for an ECC for the project.

Coffee and coconut are envisioned to be the main crops of the area. Coffee is the second most traded commodity worldwide. The Philippines consumes about 170,000 metric tons of coffee (Phil. Coffee Board) and is a net importer of coffee. It imports almost 70% of its coffee needs.

While the Company waits for the Palawan agro-forestry project to start, it has acquired green coffee beans from select Mindanao farms. It had a soft launch of a coffee product line in the third quarter of 2021 under the Blue Moon trademark issued by the IPO (Intellectual Property Office) in May 2019 under SOCBluemoon which registered in Nov 19, 2020.

The Company continues to review potential energy resources as it explores entry into opportunities in other conventional and renewable energy resources.

The Company applied for an Exploration Permit Application with the Mines and Geosciences Bureau Regional Office No. VII covering an area of 843 hectares, completing payment of application fees last August 5, 2020. Due to the pandemic lockdowns in 2020 and 2021 the Company was still undergoing the NCIP's FPIC process to obtain a Certificate Pre-condition which is a requisite under MGB (Mines and Geosciences Bureau) rules.

The global situation in recent years presents opportunities for the Company to seek entry into the mineral resource based sector.

Principal products or services and their distribution; competition in the industry; sourcing of raw materials and principal suppliers; dependence on one or few customers; transactions with and/or related parties; and patents, trademarks, licenses, franchises, concessions, royalty agreement, or labor contracts are not applicable with the registrant at this time.

The Company's subsidiaries are SOC Land Development Corporation and SOCBluemoon, Inc. as of December 31, 2021.

The Company does not expect any significant changes in its number of employees. Presently, the Company has a total of six (6) officers and employees, all working full-time, one (1) Chairman, one (1) Vice-President for Operations, one (1) Vice-President for Finance, one (1) Accounting Manager, one (1) Accounting Assistant and one (1) Messenger. The Company has no Collective Bargaining Agreements (CBA).

ITEM 2: PROPERTIES

On May 26, 2010, the Board of Directors in a special meeting, adopted a resolution authorizing the purchase by the Company of a 24,022.90 sq.m. parcel of land located at the East Service Road of South Superhighway, Brgy. Buli, Muntinlupa City, Metro Manila, registered in the names of, among others, the Company's majority Directors, and major stockholders, Edgardo P. Reyes, Wilfrido P. Reyes and Belen R. Castro at a purchase price of P312,298,000.00. On July 28, 2010, SOCResources completed the purchase of the land.

On March 4, 2011, in exchange for 312,298 additional shares in SOC Land, the Parent Company transferred the said investment property with a fair value of ₱312.3 million.

In 2014, SOC Land acquired a property in Binan, Laguna and will be the first house and lot/lots only project of the Company that will be known as Althea Residences (Althea). Althea was formally launched in November 2014 and initially offer 214 choice lots, commercial and residential combined.

The Company's office is located at 4f Enzo Building, 399 Senator Gil Puyat Avenue, Makati City.

ITEM 3: LEGAL PROCEEDINGS

The following cases were filed by the Company regarding the Makati City's assessment of alleged deficiency business taxes:

1. South China Resources, Inc. v. Office of the City Treasurer and/or Makati City

Civil Case No. 14-165
Regional Trial Court, Makati City, Branch 66

CTA Case No. AC-NO-197
CTA-EB No. 2154
Court of Tax Appeals, Quezon City

Supreme Court, Manila

This is a petition under Section 195 of the Local Government Code (LGC) of 1991 assailing the: (a) City Treasurer of Makati's "Notice of Assessment No. 13-00381" dated 12 November 2013 issued against SOCResources, Inc., for the amount of P4,872,182.45, allegedly representing deficiency local business taxes, fees and surcharges; and (b) the "Notice of Assessment for South China Resources, Inc. under Letter of Authority No. 2013-0502" dated 8 January 2014, which denied SOCResources, Inc.'s Protest dated 21 December 2013.

On 12 February 2014, SOCResources, Inc. filed its Petition dated 11 February 2014. Respondents then filed a "Motion for Bill of Particulars" dated 18 March 2014, which the Regional Trial Court (RTC) denied in its Order dated 13 June 2014 for lack of merit. Thus, respondents submitted their "Answer/Reply-Memorandum" dated 21 July 2014. Thereafter, SOCResources, Inc. filed its "Motion to Admit Rejoinder" and "Rejoinder," both dated 22 August 2014, which the RTC granted in its Order dated 4 November 2014.

After trial and submission of the parties of their respective memoranda, the RTC, in its Order dated 14 March 2017, submitted the case for resolution. The RTC, in its Decision dated 11 October 2017, dismissed both Civil Case No. 14-165 and M-7835. Aggrieved, SOCResources, Inc. filed its "Petition for Review" dated 7 February 2018 with the Court of Tax Appeals (CTA), which granted the Petition in its Decision dated 30 April 2019. Thereafter, respondents filed their "Respondent's Motion for Reconsideration" dated 21 May 2019, which the CTA denied in its Resolution dated 30 August 2019 for lack of merit.

Thus, the respondents filed their "Petition for Review (of the Decision dated 30 August 2019)" dated 18 September 2019 with the CTA-En Banc. SOCResources, Inc. then filed its "Comment [On Petitioner's "Petition for Review (of the Decision dated 30 August 2019)" dated 18 September 2019]" dated 28 November 2019. Thereafter, in its Decision dated 11 November 2020, the CTA-En Banc issued its Decision in favor of SOCResources, Inc. This urged respondents to file their "Motion for Reconsideration" dated 20 January 2021, which SOCResources, Inc. opposed in its "Opposition (To Petitioners' "Motion for Reconsideration" dated 20 January 2021)" dated 3 February 2021.

Thereafter, SOCResources, Inc. filed its Manifestation dated 8 February 2021, which the CTA-En Banc noted in its Notice dated 15 February 2021. The CTA-En Banc then issued its Notice dated 19 February 2021 requiring SOCResources, Inc. to submit additional copies of its "Opposition (To Petitioners' "Motion for Reconsideration" dated 20 January 2021)" dated 3 February 2021.

The CTA-En Banc then issued its Notice of Resolution and Resolution dated 23 February 2021, ordering SOCResources, Inc. to file its Comment of respondents' "Motion for Reconsideration" dated 20 January 2021 and stating that upon the filing thereof, the respondents' "Motion for Reconsideration" dated 20 January 2021 shall be deemed submitted for resolution.

In compliance with the CTA-En Banc's Notice dated 19 February 2021, SOCResources, Inc. filed its Manifestation and Compliance dated 5 March 2021, which the CTA-En Banc noted in its Notice dated 10 March 2021. Thereafter, the CTA-En Banc issued its Notice dated 15 March 2021 stating that respondents' "Motion for Reconsideration" dated 20 January 2021 is deemed submitted for resolution.

Meanwhile, respondents filed their "Petition for Review on Certiorari" dated 27 October 2021, which is currently pending with the Supreme Court.

2. South China Resources, Inc. v. Office of the City Treasurer and/or Makati City
S.P. No. M-7835
Regional Trial Court, Makati City, Branch 147

CTA-EB No. 2077
CTA AC No. 196
Court of Tax Appeals, Quezon City

G.R. No. 252929
Supreme Court, Manila, 3rd Division

This is a petition under Section 195 of the LGC of 1991, assailing: (a) the Billing Assessment dated 13 January 2015 issued by the Business Permits Office of the City of Makati against petitioner for the amount of P981,478.00, allegedly representing local business taxes and fees in connection with SOCResources, Inc.'s application for business permit renewal for 2015; and (b) respondent Treasurer's inaction on SOCResources, Inc.'s Letter Protest dated 25 February 2015.

The Regional Trial Court (RTC) in its Decision dated 11 October 2017, dismissed both Civil Case No. 14-165 and M-7835. SOCResources, Inc. then filed its "Motion for Reconsideration" dated 10 November 2017, which the RTC denied in its Order dated 8 January 2018, upon finding of no cogent reason to reconsider their decision. Aggrieved, SOCResources, Inc. filed its "Petition for Review" dated 14 February 2018 with the Court of Tax Appeals (CTA). In the Decision dated 17 October 2018, the CTA granted the Petition and cancelled all billing assessments dated 13 January 2015 against SOCResources, Inc. The CTA likewise ordered respondents to credit SOCResources, Inc.'s payment in the amount of Php981,478.90 to its future business tax and regulatory fee obligations. Respondents filed their "Motion for Reconsideration" dated 19 November 2018, which the CTA denied in its Resolution dated 29 April 2019, for lack of merit.

Thus, the respondents filed their "Petition for Review (of the Decision dated April 16, 2019)" dated 4 June 2019 with the CTA-En Banc. Then, in its Resolution dated 16 September 2019, the CTA dismissed respondents' Petition for Review, which urged them to file a "Motion for Reconsideration (of the decision dated September 16, 2019)" dated 4 October 2019 (the "Motion for Reconsideration"). SOCResources, Inc. then filed its "Opposition with Motion to Expunge" dated 18 October 2019 (the "Opposition"), to which respondents filed their "Comment/Opposition" dated 28 November 2019. Thereafter, SOCResources, Inc. filed its Reply dated 13 December 2019. The CTA, in its Resolution dated 15 July 2020: (a) denied respondents' Motion for Reconsideration, for lack of merit; (b) affirmed its Resolution dated 16 September 2019; and (c) noted our Opposition.

Respondents then filed a "Petition for Review on Certiorari" dated 19 August 2020, which the Supreme Court denied in its Resolution dated 7 October 2020. Aggrieved, respondents filed their "Motion for Reconsideration" dated 4 February 2021 with the Supreme Court.

Thereafter, the Supreme Court issued its Entry of Judgment, stating that its Resolution dated 7 October 2017 has become final and executory on 3 March 2021.

3. Application for the Registration of Trademark for "Bluemoon"
Application No.: 4-2018-017704
Intellectual Property Office, Taguig City

This is an application for the registration of the trademark "Bluemoon", Class 30, dated 3 October 2018, which SOCResources, Inc. filed with the Intellectual Property Office (IPO). The IPO then sent its Registrability Report dated 26 October 2018, directing SOCResources, Inc. to file its Responsive Action dated 2 January 2019. Thereafter, the IPO sent its "Notice of Allowance" dated 19 January 2018 requiring SOCResources, Inc. to pay the first and second publication fee and insurance fee in the aggregate amount of Php3,151.60, which SOCResources, Inc. complied with in its letter dated 26 February 2019 enclosing its payment of the said amount.

On 24 May 2019, the IPO issued SOCResources, Inc.'s Certificate of Registration, with the following details: (a) Registration Number 4/2018/00017704; (b) Registered on 4 April 2019; and (c) for a term of ten years or until 4 April 2029.

Thereafter, the IPO sent its Notice to file 3rd Year Declaration of Actual Use (DAU) dated 13 April 2021, which SOCResources, Inc. complied with in its letter dated 5 October 2021 and which the IPO acknowledged on even date.

Aside from the disclosed legal proceedings, there are no other material legal proceedings to which the registrant or its subsidiary is a party.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders, during the fourth quarter of the calendar year covered by this report through the solicitation of proxies or otherwise.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5: MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(1) Market Information

The Principal Market where the Issuer's common equity is traded is in the Philippine Stock Exchange.

As of the 1st quarter ending March 31, 2022, the high, low and closing price is at ₱0.57. As of the trading date April 30, 2022 the high, low and closing price is at ₱0.57, ₱0.56 and ₱0.56 respectively. The Corporation has no securities to be issued about an acquisition, business combination or other re-organization. Furthermore, the following are the high and low sales prices for each quarter within the last two years (2021 and 2020).

Stock Prices

2021	High	Low
First Quarter	0.71	0.68
Second Quarter	0.79	0.75
Third Quarter	0.74	0.74
Fourth Quarter	0.66	0.66
2020	High	Low
First Quarter	0.63	0.63
Second Quarter	0.64	0.60
Third Quarter	0.65	0.64
Fourth Quarter	0.76	0.72

(2) Holders

The number of shareholders of record as of May 15, 2022 was 358. Common shares issued as of May 15, 2022 were 906,559,568. Total number of common shares outstanding as of May 15, 2022 were 901,920,568.

As of May 15, 2022

(3) Recent Sale of Unregistered or Exempt Securities

(4) Public Ownership Report as March 31, 2022

<u>PUBLIC OWNERSHIP PERCENTAGE</u>			
<u>Total Number of Shares Owned by the Public</u>			
<u>Total Issued and Outstanding Shares</u>			
213,133,200	shares	=	<u>23.63</u> %
901,920,568	shares		76.37%

Number of Issued and Outstanding Shares	=	901,920,568
Number of Outstanding Shares	=	901,920,568
Number of Treasury Shares	=	4,639,000
Number of Listed Shares	=	906,559,569
Number of Foreign-Owned Shares	=	8,240,271
Foreign Ownership Level (%)	=	0.91%
Foreign Ownership Limit (%)	=	40%

ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

RESULTS AND PLANS OF OPERATIONS

Real Estate: SOC Land

SOC Land's vertical residential development project, ANUVA RESIDENCES located at Muntinlupa City has completed its first tandem building project known as ANALA. As of December 31, 2021, 495 of the 533 units have been sold corresponding to 92.87% of the inventory.

AZALEA the second tandem building of ANUVA RESIDENCES is still in a pre-selling stage which is focusing on the Green Urban Living image. Azalea has sold 448 of its 618 units that correspond to 72.49% of the total inventory.

SOC Land's horizontal residential development project, ALTHEA RESIDENCES located at Biñan City Laguna has sold a total of 224 of 228 units, a combination of townhouses, lots and house & lots that correspond to 98.24% of the total inventory. Seventy-nine (79) units have already constructed, sixty-six (66) of which have been turned over to end-users. In addition, there are two (2) more units being constructed, and the target completion will be in 1Q 2022.

Althea Residences Phase 2, officially launched in October 2019 is about to complete land development of the 2.4 hectare expansion phase with 119 of the 132 (90.15%) house and lot packages sold. Construction of houses shall commence in May 2022 and completed by batches by 4Q 2023. Althea Residences Phase 3 expansion called the Althea Villas project is in the planning stage for launch in the 3Q 2022 offering 134 townhouse units and is expected to sell out a few months after sales launch.

Other Energy, Mineral and Resource Based Opportunities

The Company entered into an agreement with the Palawan IP group Campong It Mapangarapan It Palawano (CAMPAL) of Rizal, Palawan to undertake agro-industrial development of their ancestral land. The National Commission for Indigenous Peoples (NCIP) handed over to the Company the Certificate of Pre-condition with FPIC (Free Prior Informed Consent) for the agreement last June 2016. The Company has completed project documentation with the LGUs (Local Government Units). SOC and CAMPAL conferred with the LGUs and the Palawan Council for Sustainable Development (PCSD) to secure the Strategic Environmental Plan (SEP) Clearance needed for the agro-industrial development with coffee as the initial undertaking. The PCSD in 2018 issued the SEP Clearance Certificate for the development of 3212 hectares of the IP area. As of yearend, the Company together with CAMPAL were still trying to secure a PAMB (Protected Area Management Board) endorsement needed for securing an ECC for the project.

The global situation in recent years presents opportunities for the Company to seek entry into mineral exploration and exploitation sector.

The Company applied for an Exploration Permit Application with the Mines and Geosciences Bureau Regional Office No. VII covering an area of 843 hectares, making payment of application fees last August 5, 2020. Due to the pandemic lockdowns in 2020 and 2021 the Company was still undergoing the NCIP's FPIC process to obtain a Certificate Pre-condition. The Company is in a favorable situation wherein its current cash position allows it to review other businesses wherein it may invest.

The Company is in a favorable situation wherein its current cash position allows it to review other businesses wherein it may invest.

The following are the estimated cash requirements for SOCResources' operations in the next twelve months which are dependent on opportunity acquisition.

Agri-Business	\$3MM
Other Energy, Mineral & Resources Based Opportunities	\$ 500K for Assessment Studies

The Company's consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

CONSOLIDATED RESULTS OF OPERATIONS

2021 VS 2020 (AUDITED)

(in Philippine pesos)

ACCOUNTS	December 31, 2021	December 31, 2020	% CHANGE
REVENUES	320,170,421	72,919,117	339.08%
COST AND EXPENSES	281,564,180	81,176,941	246.85%
INCOME (LOSS) BEFORE INCOME TAX	38,606,241	(8,257,824)	567.51%
PROVISION FOR INCOME TAX	15,328,388	(320,178)	4887.46%
NET INCOME/(LOSS)	23,277,853	(7,937,646)	393.26%
OTHER COMPREHENSIVE INCOME (LOSS)	8,420,732	805,631	945.23%
TOTAL COMPREHENSIVE INCOME/(LOSS)	31,698,585	(7,132,015)	544.45%

2021 VS 2020: RESULTS OF OPERATIONS

Revenue for the year ended 2021 consists of: (1) recognized sale on real estate for SOC Land amounting to ₱310.77M; (2) Interest Income on investments in treasury bills, time deposits, savings account and installment sales of real estate amounting to ₱8.64M and; (3) Dividend Income from domestic shares of stocks amounting to ₱0.14M. The increase in the total cost and expenses is attributable to the 5X increase in the recognized cost of sales due to the recognition of sales in real estates, 43% increase in the general and administrative expenses of the group coupled with the 248% increase in the sales and marketing expense. Other comprehensive income for the current year 2021 pertains to the net effect of the increase in market value of financial assets and consolidated actuarial losses.

For the year ended December 31, 2021, the group posted a consolidated net income of ₱31.70M, a 544.45% year-on-year (YoY) increase. This translated to earnings per share of ₱.0258 for the year in review.

CONSOLIDATED RESULTS OF OPERATIONS
2020 VS 2019 (AUDITED)
(in Philippine pesos)

ACCOUNTS	December 31, 2020	December 31, 2019	% CHANGE
REVENUES	70,952,646	136,590,509	-48.05%
COST AND EXPENSES	79,210,470	139,460,732	-43.20%
INCOME (LOSS) BEFORE INCOME TAX	(8,257,824)	(2,870,223)	-187.71%
PROVISION FOR INCOME TAX	(320,178)	(449,582)	28.78%
NET INCOME/(LOSS)	(7,937,646)	(2,420,641)	-227.92%
OTHER COMPREHENSIVE INCOME (LOSS)	805,631	(9,835,701)	108.19%
TOTAL COMPREHENSIVE INCOME/(LOSS)	(7,132,015)	(12,256,342)	41.81%

2020 VS 2019: RESULTS OF OPERATIONS

Revenue for the year ended 2020 consists of: (1) recognized sale on real estate for SOC Land amounting to ₱51.05M;(2) Interest Income on time deposits, savings account and installment sales of real estate amounting to ₱12.31.M and;(3) Dividend Income from domestic shares of stocks amounting to ₱0.12M. The decrease in the total cost and expenses is attributable to the 24% decrease in the general and administrative expenses of the group coupled with the 50% decrease in the sales and marketing expense. Other comprehensive loss for the current year 2020 pertains to the decrease in market value of equity holdings by the parent company and the consolidated actuarial losses

CONSOLIDATED RESULTS OF OPERATIONS
2019 VS 2018 (AUDITED)
(in Philippine pesos)

ACCOUNTS	December 31, 2019	December 31, 2018	% CHANGE
REVENUES	136,590,509	164,398,236	-16.91%
COST AND EXPENSES	139,460,732	151,311,532	-7.83%
INCOME (LOSS) BEFORE INCOME TAX	(2,870,223)	13,086,704	-121.93%
PROVISION FOR INCOME TAX	(449,582)	5,250,251	-108.56%
NET INCOME/(LOSS)	(2,420,641)	7,836,453	-130.89%
OTHER COMPREHENSIVE INCOME (LOSS)	(9,835,701)	8,180,637	-220.23%
TOTAL COMPREHENSIVE INCOME/(LOSS)	(12,256,342)	16,017,090	-176.52%

2019 VS 2018: RESULTS OF OPERATIONS

Revenue for the year ended 2019 consists of: (1) recognized sale on real estate for SOC Land amounting to ₱112.58M;(2) Interest Income on time deposits, savings account and installment sales of real estate amounting to ₱23.13.M and;(3) Dividend Income from domestic shares of stocks amounting to ₱0.39M. The decrease in the total cost and expenses is attributable to the 4% decrease in the general and administrative expenses of the group coupled with the 45% decrease in the sales and marketing expense. Other comprehensive loss for the current year 2019 pertains to the decrease in market value of equity holdings by the parent company and the consolidated actuarial losses.

CONSOLIDATED FINANCIAL POSITION
2021 VS 2020 (AUDITED)
(in Philippine pesos)

ACCOUNTS	December 31, 2021	December 31, 2020	% CHANGE
CURRENT ASSETS	1,817,820,045	1,793,508,957	1.36%
NONCURRENT ASSETS	181,090,561	127,110,296	42.47%
TOTAL ASSETS	1,998,910,606	1,920,619,253	4.08%
CURRENT LIABILITIES	171,090,174	186,210,044	-8.12%
NONCURRENT LIABILITIES	177,896,246	116,183,608	53.12%
TOTAL LIABILITIES	348,986,420	302,393,652	15.41%
EQUITY	1,649,924,186	1,618,225,601	1.96%
TOTAL LIABILITIES AND EQUITY	1,998,910,606	1,920,619,253	4.08%

2021 VS 2020: FINANCIAL CONDITION

The net effect of the following has caused the 1.36% increase in the current assets of the group: (1) 18% decrease in cash and cash equivalents as against 2020 due to the investments of cash to Treasury Bills classified as short-term investment;(2) Receivable's decrease was brought about by reclassification to contract assets;(3) Contract asset increased by 53% to the net effect of decrease in inventory of related sold units for both Anala and Althea units, payments to designs contractors for Azalea Project.;(4) Decrease in Real Estate Inventories due to the recognition of cost of sales and (5) Other current assets increased due to commissions paid on units recognized as sales, offset of creditable income tax against tax payable and amortization of prepayments.

The increase in the Group's contract assets is attributable to more sales in 2021. The increase in the Group's contract liabilities is attributable to the continued deposits of existing customers who have not yet reached the Group's revenue recognition policy on the buyer's initial payments in relation to the total contract price, as well as new customers in 2021.

The Group recognized additional ₱159.04 million worth of contract liabilities in 2021 (₱189.27 million in 2020). As at December 31, 2021, contract liabilities amounting to ₱99.74 million are expected to be recognized as revenue in the following year.

Contract liabilities as of December 31, 2020, 2019 and 2018 amounting to ₱130.09 million, ₱129.10 million, and ₱81.78 million, were recognized as revenue in 2021, 2020 and 2019 respectively. As at December 31, 2020, contract liabilities amounted to ₱81.78M. These are expected to be recognized as revenue in the following year.

Increase in noncurrent liabilities refers to the recognized retirement liability for the year 2021, deferred tax liabilities and reclassification of contract liabilities to noncurrent.

CONSOLIDATED FINANCIAL POSITION
2020 VS 2019 (AUDITED)
(in Philippine pesos)

ACCOUNTS	December 31, 2020	December 31, 2019	% CHANGE
CURRENT ASSETS	1,793,508,957	1,754,219,202	2.24%
NONCURRENT ASSETS	127,110,296	118,451,229	7.31%
TOTAL ASSETS	1,920,619,253	1,872,670,431	2.56%
CURRENT LIABILITIES	186,210,044	189,278,712	-1.62%
NONCURRENT LIABILITIES	116,183,608	58,034,103	100.20%
TOTAL LIABILITIES	302,393,652	247,312,815	22.27%
EQUITY	1,618,225,601	1,625,357,616	-0.44%
TOTAL LIABILITIES AND EQUITY	1,920,619,253	1,872,670,431	2.56%

2020 VS 2019: FINANCIAL CONDITION

The net effect of the following has caused the 2.24% increase in the current assets of the group: (1) 7% increase in cash and cash equivalents as against 2019 due to the interest income earned from investments and collections made by the subsidiary, SOCLand from sale of real estate;(2) Receivable's decrease was brought about by reclassification to contract assets;(3) Contract asset increased by 28% to the net effect of decrease in inventory of related sold units for both Anala and Althea units, payments to designs contractors for Azalea Project.:(4) Decrease in Real Estate Inventories due to the recognition of cost of sales and (5) Other current assets increased due to commissions paid on units recognized as sales, offset of creditable income tax against tax payable and amortization of prepayments. As at December 31, 2020, contract liabilities amounted to P81.78M. These are expected to be recognized as revenue in the following year.

Increase in noncurrent liabilities refers to the recognized retirement liability for the year 2020, deferred tax liabilities and reclassification of contract liabilities to noncurrent.

CONSOLIDATED FINANCIAL POSITION

2019 VS 2018 (AUDITED)

(in Philippine pesos)

ACCOUNTS	December 31, 2019	December 31, 2018	% CHANGE
CURRENT ASSETS	1,754,219,202	1,661,737,122	5.57%
NONCURRENT ASSETS	118,451,229	138,928,258	-14.74%
TOTAL ASSETS	1,872,670,431	1,800,665,380	4.00%
CURRENT LIABILITIES	189,278,712	132,367,316	43.00%
NONCURRENT LIABILITIES	58,034,103	31,306,606	85.37%
TOTAL LIABILITIES	247,312,815	163,673,922	51.10%
EQUITY	1,625,357,616	1,636,991,458	-0.71%
TOTAL LIABILITIES AND EQUITY	1,872,670,431	1,800,665,380	4.00%

2019 VS 2018: FINANCIAL CONDITION

The net effect of the following has caused the 6% increase in the current assets of the group: (1) 22% increase in cash and cash equivalents as against 2018 due to the interest income earned from investments and collections made by the subsidiary, SOCLand from sale of real estate;(2) Receivable's decrease was brought about by reclassification of P26.74 million to contract assets;(3) Contract asset increased by 75% to the net effect of decrease in inventory of related sold units for both Anala and Althea units, payments to designs contractors for Azalea Project.:(5) Decrease in Real Estate Inventories due to the recognition of cost of sales amounting to P68M and (5) Other current assets decreased due to the net effect of advance commissions paid on units not yet recognized as sales, offset of creditable income tax against tax payable and amortization of prepayments. As at December 31, 2019, contract liabilities amounted to P129.10M. These are expected to be recognized as revenue in the following year. Contract liabilities as of December 31, 2018 amounting to P81.79M were recognized as revenue in 2019.

Decrease in noncurrent liabilities is due to the increase in noncurrent contract liabilities amounting P34.33M.

KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the years ended December 31, 2021, 2020 and 2019:

RATIO	FORMULA	December 31	
		2021	2020
Current	$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$	10.62	9.63
Acid-test ratio	$\frac{\text{Cash \& Cash Equivalents + Short - term Investment s+ Installment Contract Receivable - current + Contract Assets - Current+ Other Receivables - current}}{\text{Total Current Liabilities}}$	4.38	3.51
Solvency	$\frac{\text{Net Income after Tax + Depreciation}}{\text{Total Liabilities}}$	0.08	(0.02)
Debt-to-equity	$\frac{\text{Accounts payable and other liabilities + Contract liabilities}}{\text{Total equity (net of other comprehensive income)}}$	0.21	0.18
Asset-to-equity	$\frac{\text{Total Assets}}{\text{Total Equity (net of other comprehensive income)}}$	1.22	1.19
Interest rate coverage	$\frac{\text{Net Income Before Tax + Depreciation + Interest Expense}}{\text{Interest Expense}}$	-	-
Return on equity(%)	$\frac{\text{Net Income after tax}}{\text{Equity}} \times 100$	1.41	(0.49)
Return on Asset	$\frac{\text{Net Income after tax}}{\text{Total Assets}}$	0.01	(0.00)
Net Profit Margin	$\frac{\text{Net Income}}{\text{Total Revenue}} \times 100$	7.27	(10.89)
Asset-to-liability	$\frac{\text{Total Assets}}{\text{Total Liabilities}}$	5.73	6.35

2021 VS 2020

The increase in the current ratio as of December 31, 2021 vis-à-vis December 31, 2020 is due to the increase in current assets of the group particularly investments in treasury bills and increase in the recognized contract assets. The interest income earned from various investments as well as the collections of receivables from sales in real estates has caused the increase in cash and cash equivalents.

The decrease in current liabilities also contributed to the increase in the current ratio. The Group recognized additional ₱159.04 million worth of contract liabilities in 2021 (₱189.27 million in 2020). As at December 31, 2021, contract liabilities amounting to ₱99.74 million are expected to be recognized as revenue in the following year. Contract liabilities as of December 31, 2020, 2019 and 2018 amounting to ₱130.09 million, ₱129.10 million, and ₱81.78 million, were recognized as revenue in 2021, 2020 and 2019 respectively.

The company has a solvency of 0.08 as of December 31, 2021 as against the negative rate of the previous period in comparison. This is mainly due to the positive bottomline as of year end 2021. The same thing follows with the Return on Equity at 1.41%, return on Assets at 1% and Net Profit Margin of 7.27%.

2020 VS 2019

The 3% increase in current assets and 27.5% decrease in current liabilities as of year ended 2020 has caused the current ratio to go up by x as against year ended 2019.

A slight increase on the asset to equity ratio was due to the increase in the total assets of the group.

The increase in debt to equity ratio was mostly driven by the recognition of deferred tax liabilities pertaining to difference between tax and book basis of accounting for real estate transactions, gain on repossession, unrealized foreign exchange gain and fair value changes of equity investments at fair value through other comprehensive income.

2019 VS 2018

The 5.6% and 43% increase in current assets and current liabilities respectively as of year ended 2019 has caused the current ratio to go down by 3.28 x as against year ended 2018.

A slight increase on the asset to equity ratio was due to the increase in the total assets of the group.

The increase in debt to equity ratio was mostly driven by the recognition of deferred tax liabilities pertaining to difference between tax and book basis of accounting for real estate transactions, gain on repossession, unrealized foreign exchange gain and fair value changes of equity investments at fair value through other comprehensive income.

PROSPECTS FOR THE FUTURE

The outlook for SOC in the coming years is quite optimistic. Even with the refocus in business interests, new opportunities seem to look very promising and are discussed below.

(1) Prospects for SOC Land Development Corporation

SOC's investment into property development is seen as an important aspect in enhancing its shareholder value. In November 2010, SOC diversified its business and invested into real property development through SOC Land Development Corporation (SOC Land), a wholly-owned subsidiary with the primary purpose of dealing and engaging in real estate business.

The flagship project of SOC Land is a 2.4 hectare community called Anuva Residences. It is situated along the South Luzon Expressway between the Sucat and Alabang interchange and will have four (4) tandem buildings with a total of about 2,000 units. The 533-unit ANALA Building was completed last May 16, 2015 during turnover rites.

The second tandem building, AZALEA's 618 units is currently under preselling stage and broke ground for construction last August 2021 and targeted for completion in January 2024. The third (AURORA) and fourth (ARIA) buildings are in the planning stage and are set for sales launch in the 4Q of 2022 and the 1Q 2025 respectively, with potential inventory of about 8 billion pesos.

SOC Land officially launched in Nov. 15, 2015, its first horizontal residential development project, Althea Residences. It is situated in Brgy. Zapote, Biñan City, Laguna and will feature 228 modern homes with a tranquil vibe spread in 4.3 hectares of land. Homeowners can choose from four (4) housing options and the subdivision offers a variety of first class amenities. It is strategically located near schools, churches, commercial establishments and malls, hospitals and government offices.

The COVID19 pandemic has greatly affected SOC Land Development Corp. with cancellations of sales from affected clients. The challenge of end user financing also looms in the horizon as banks revise their criteria and loan policies. SOC Land is still fortunate that it caters mostly to the end user market that is expected to be least affected by the recession. Moreover, there is a move to enter the economic housing sector for sustainability as it is historically the least affected market during financial crisis.

(2) Prospects for Agri-based businesses

The Company entered into an agreement with the Palawan ICC (Indigenous Cultural Community) Campong It Mapangarapan It Palawano (CAMPAL) of Rizal, Palawan to undertake agro-industrial development of their ancestral land. The National Commission for Indigenous Peoples (NCIP) awarded the Company the Certificate of Pre-condition with FPIC (Free Prior Informed Consent) for the agreement last June 2016. The Company has completed project documentation with the LGUs (Local Government Units). SOC and CAMPAL conferred with the LGUs and the Palawan Council for Sustainable Development (PCSD) to secure the Strategic Environmental Plan (SEP) Clearance needed for the agro-industrial

development with coffee as the initial undertaking. On March 8, 2018 the PCSD issued the SEP Clearance Certificate for the development of 3212 hectares of the IP area. The Company together with CAMPAL are securing documentation needed for an ECC for the project.

Coffee and coconut are envisioned to be the main crops of the area. Coffee is the second most traded commodity worldwide. The Philippines consumes about 170,000 metric tons of coffee (Phil. Coffee Board) and is a net importer of coffee. It imports almost 70% of its coffee needs at a cost of P7B.

While the Company waits for the Palawan agro-forestry project to start, it has acquired green coffee beans from select Mindanao farms. It had a soft launch of a coffee product line in the third quarter of 2021 under the Blue Moon trademark issued by the IPO (Intellectual Property Office) in May 2019 under SOCBluemoon which registered in Nov 19, 2020.

Coconut, also called the “tree of life” is an established commercial plant wherein its derived products are used domestically and internationally.

The Company is also investigating the possibility into entering the dairy/livestock industry.

(3) Prospects for Other Energy, Mineral and Other Resource Based Opportunities

The Company applied for an Exploration Permit Application with the Mines and Geosciences Bureau Regional Office No. VII covering an area of 843 hectares, completing payment of application fees last August 5, 2020. The application is undergoing NCIP-FPIC process in accordance with MGB rules.

The global situation in recent years presents opportunities for the Company to seek entry into the mineral resource based sector.

DIVIDEND DECLARATION

The Company has no dividends declared for the period ended December 31, 2021 and two years ended December 31, 2020 and December 31, 2019.

KEY VARIABLE AND OTHER QUALITATIVE AND QUANTITATIVE FACTORS

There are no material trends, events or uncertainties that are reasonably expected to occur in the next twelve months that will have a material favorable or unfavorable impact on the results of the Company’s liquidity. Should there be material changes in working capital it would be advances from the management to support the Company’s operation or a sale of non-current assets.

There are no significant elements of income or loss that did not arise from the Company’s continuing operations.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or accumulation of an obligation.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

The Company has no plans of changing the number of employees for the next twelve months.

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 during the reporting period.

The material changes for this year in comparison with the prior year-end based on line items in the comparative financial statements as of December 31, 2021, 2020 and 2019 are summarized as follows:

ACCOUNTS	For the Period December 31			% CHANGE	
In Millions	2021	2020	2019	2021 vs 2020	2020 vs 2019
Statement of Financial Position					
Cash & Cash Equivalents	491.21	599.22	557.46	-18.03%	7.49%
Short-term investments	187.68	-	-	100.00%	-100.00%
Receivables	24.77	40.55	30.73	-38.91%	31.97%
Contract Assets - current	51.40	33.65	46.93	52.74%	-28.29%
Receivables - net of current portion	-	-	15.00	-100.00%	-100.00%
Equity investments at FVTPL	28.75	-	-	100.00%	-100.00%
Contract Assets - net of current portion	45.54	32.36	24.12	40.72%	34.16%
Property & Equipment	33.76	36.57	37.96	-7.68%	-3.68%
Deferred Income Tax Assets - net	8.99	8.58	-	4.72%	100.00%
Other noncurrent assets	8.50	5.73	13.16	48.47%	-56.49%
Accounts Payable & other Liabilities	71.35	56.12	60.18	27.14%	-6.75%
Contract liabilities	99.74	130.09	129.10	-23.33%	0.77%
Contract liabilities, net of current portion	168.87	109.56	50.38	54.13%	117.46%
Retirement benefit obligation	9.03	6.62	5.78	36.42%	14.46%
Deferred Tax Liability	-	-	1.87	-100.00%	-100.00%
Retained Earnings - Unappropriated	137.67	114.39	122.33	20.35%	-6.49%
Statement of Comprehensive Income					
REVENUES					
Revenue from Real Estate Sales	310.77	51.05	112.58	508.80%	-54.66%
Interest Income	8.64	12.31	23.13	-29.85%	-46.77%
Dividend Income	0.14	0.12	0.3863	12.67%	-67.67%
Gain on Fair Value change of Financial Assets at FVTPL	0.25	-	-	100.00%	-100.00%
Foreign Exchange Gain - net	0.37	-	-	100.00%	-100.00%
Other income	-	9.44	0.7313	-100.00%	1190.25%
COST AND EXPENSES					
Cost of real estate sales	186.90	29.88	67.91	525.53%	-56.00%
Sales and marketing expenses	23.22	6.67	13.43	248.28%	-50.35%
General and Administrative Expenses	63.29	44.31	58.13	42.84%	-23.77%
Other comprehensive income (loss)	8.42	0.81	(9.84)	945.23%	-108.19%
Provision for Income Tax	15.33	(0.32)	(0.45)	-4887.46%	-28.78%

Discussion for 2021 VS 2020

Cash & Cash Equivalents and Short-term investments

As of December 31, 2021, the Group has treasury bills amounting to P187.68 million which earn interest ranging from 1.29% to 1.47% and will mature in 2022. Interest earned from these investments amounted to P2.79 million in 2021. The decrease in cash equivalent is due to the reclassification of the Investment in Treasury Bills from cash equivalents to short-term investments.

Receivables

Decrease in receivables is due to the collection of Installment contract receivables that arises from sale of real estate and is collectible in monthly instalments over a period ranging from one to 10 years. This receivable bears monthly interest rates of 14.0% to 16.0% in 2021 and 2020 computed on the diminishing balance.

Contract Assets

The increase in the Group's contract assets is attributable to more sales in 2021. The increase in the Group's contract liabilities is attributable to the continued deposits of existing customers who have not yet reached the Group's revenue recognition policy on the buyer's initial payments in relation to the total contract price, as well as new customers in 2021.

Equity Investments at FVTPL

This pertains to the Group's investments in unit investment trust fund (UITF). The fair value of the investment in UITF as of December 31, 2021 is based on the Net Asset Value per Unit (NAVPU) which reflect the current market prices of the instruments.

Deferred Income Tax Assets – net

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The Group recognized deferred income tax assets amounting to P19.16 million and P18.36 million as of December 31, 2021 and 2020,

respectively.

Accounts Payable & Other Liabilities

Increase was due to SOC Land's accrued expenses pertaining to liabilities incurred but not yet billed by the suppliers. As of December 31, 2021 the group recognized P15.84M as accrued expense.

Retirement Benefit Obligation

The group recognized P0.78M benefit obligation for the retirement plan of the group under defined benefit plans for the year 2021. The group has unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. The benefits are based on years of service and compensation on the last years of employment. Normal retirement is the attainment of age 60 and completion of at least 5 years of service.

Contract Liabilities

	2021	2020
Contract liabilities - current	P99,737,979	P130,089,749
Contract liabilities - noncurrent	168,867,098	109,564,881
	<u>P268,605,077</u>	<u>P239,654,630</u>

The Group recognized additional P159.04 million worth of contract liabilities in 2021 (P189.27 million in 2020). As at December 31, 2021, contract liabilities amounting to P99.74 million are expected to be recognized as revenue in the following year. Contract liabilities as of December 31, 2020, 2019 and 2018 amounting to P130.09 million, P129.10 million, and P81.78 million, were recognized as revenue in 2021, 2020 and 2019 respectively.

Other Income

This consists of forfeited buyer deposits, gain on repossession, penalty income and late charges.

Sales and Marketing Expense

81% of the total sales and marketing expense pertains to the commissions and incentives amounting to P19.01M; 6% pertains to consultancy fees amounting to P1.58M; 5% pertains to advertising amounting to P1.37M and 2% makes up for the product presentation expense amounting to P0.47M.

General and Administrative Expenses

The following expenses took the biggest share in the general and administrative expenses: Personnel Cost amounting to P20.59M (32.53%); Provision for expected credit losses (ECL) amounting to P15M (23.70%); Travel and transportation amounting to P5.22M (8.25%); Professional fees amounting to P4.51M (7.12%) and Depreciation amounting to P4.17M (6.59%).

Discussion for 2020 VS 2019

Cash & Cash Equivalents

Collection of payments from the unit owners of Anala Building as well as reservation fees for the Althea, late payment penalties, forfeited payments, interest earned on in house financing, interest income from short term investments and time deposits and dividend income has caused the increase in cash.

Receivables

Increase in Receivable was due to the reclassification of account and the decrease in receivables from unit owners and condominium corp.

Real Estate inventories

Increase in Real estate inventories was due to the increase in the inventory of units sold.

Prepayments & other Assets

Decrease is mainly due to the net effect of the increase in input VAT, advance payment of commission on units sold not recognized yet as sales, offset of creditable income tax as against payable and amortization of prepayments.

Available for Sale Financial Assets

The increase in the market value of domestic stock holdings of the company.

Accounts Payable & Other Liabilities

Increase was due to increase in customers' deposits and payment of other liabilities.

Retirement Benefit Obligation

The group recognized ₱0.79M benefit obligation for the retirement plan of the group under defined benefit plans for the year 2020. The group has unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. The benefits are based on years of service and compensation on the last years of employment. Normal retirement is the attainment of age 60 and completion of at least 5 years of service.

Other Income

This consists of forfeited buyer deposits, gain on repossession, penalty income and late charges.

Sales and Marketing Expense

55% of the total sales and marketing expense pertains to the commissions and incentives amounting to ₱3.69M; 22.34% pertains to consultancy fees amounting to ₱1.49M; 7.72% pertains to product presentation amounting to ₱0.51M and 4.70% makes up for the other expense amounting to ₱0.31M.

General and Administrative Expenses

The following expenses took the biggest share in the general and administrative expenses: Personnel Cost amounting to ₱18.13M (40.92%); Travel and transportation amounting to ₱5.32M (12.02%); Professional fees amounting to ₱3.58M (8.09%) and Rent and Utilities amounting to ₱3.09M (6.98%).

Discussion for 2019 VS 2018

Cash & Cash Equivalents

Collection of payments from the unit owners of Anala Building as well as reservation fees for the Althea, late payment penalties, forfeited payments, interest earned on in house financing, interest income from short term investments and time deposits and dividend income has caused the increase in cash.

Receivables

Receivable decreased by 22% due to the decrease in receivables from unit owners and condominium corp.

Real Estate inventories

Real estate inventories dropped by 0.81% due to the decreased in the inventory of units sold.

Prepayments & other Assets

Decrease is mainly due to the net effect of the increase in input VAT, advance payment of commission on units sold not recognized yet as sales, offset of creditable income tax as against payable and amortization of prepayments.

Available for Sale Financial Assets

The decrease in the market value of domestic stock holdings of the company.

Accounts Payable & Other Liabilities

Increase was due to increase in customers' deposits.

Retirement Benefit Obligation

The group recognized ₱0.67M benefit obligation for the retirement plan of the group under defined benefit plans for the year 2019. The group has unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. The benefits are based on years of service and compensation on the last years of employment. Normal retirement is the attainment of age 60 and completion of at least 5 years of service.

Other Income

This consists of forfeited buyer deposits, gain on repossession, penalty income and late charges.

Sales and Marketing Expense

46% of the total sales and marketing expense pertains to the commissions and incentives amounting to ₱6.16M, 18.43% pertains to consultancy fees amounting to ₱2.4M, 20.87% pertains to product presentation amounting to ₱2.8M and 7.29% makes up for the advertising expense amounting to ₱0.98M.

General and Administrative Expenses

The following expenses take the biggest share in the general and administrative expenses: Personnel Cost amounting to ₱21.29M (37.08%), Property Management Expense amounting to ₱3.47M (6.04%), Professional fees amounting to ₱3.46M (6.02%), Travel and transportation amounting to ₱6.9M (12.08%) and Taxes & Licenses amounting to ₱3.44M (5.99%).

ITEM 7: FINANCIAL STATEMENTS

The Financial Statements and Schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this SEC Form 17 – A.

ITEM 8: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There are no changes in and disagreements with independent accountants on accounting and financial disclosure and no change in the Company's independent accountants during the two most recent fiscal years or any subsequent interim period.

INFORMATION ON INDEPENDENT PUBLIC ACCOUNTANT AND OTHER RELATED MATTERS

Information on Independent Public Accountant

In compliance with SRC Rule 68 Paragraph 3(b) (iv), the engagement partner from Sycip Gorres Velayo & Co. is Mr. Albert R. Bon. Sycip Gorres Velayo & Co. is the incumbent Public Accountant of the Company.

The Company, through its Audit Committee, recommends the re-appointment of Sycip Gorres Velayo & Co. as the Principal Accountant of the Corporation. The Company's Audit Committee is composed of Mr. Manuel G. Arteficio as Chairman, Mrs. Belen R. Castro, Member, and Mr. Wilfrido P. Reyes, Member.

External Audit Fees and Services

In compliance with SEC Memo Circular No. 14 Series of 2004, External Audit Fees, year ended 2021 audit progress billing for SOCResources, Inc. and subsidiary, SOC Land Development amounted to ₱499,044 and ₱734,765, respectively. External Audit Fees for the year ended 2020 audit for SOCResources, Inc. and subsidiary, SOC Land Development amounted to ₱606,570 and ₱913,718 respectively. No other services were provided and billed for by the external auditors for the last two (2) fiscal years.

The Company's Audit Committee is composed of Mr. Manuel G. Arteficio as Chairman, Mr. Edgardo P. Reyes, Member, and Mr. Wilfrido P. Reyes, Member.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9: DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

Directors and Executive Officers (Information for the last five years)

NAME	POSITION	BIRTHDATE
Edgardo P. Reyes	Chairman/CEO	December 2, 1945
Wilfrido P. Reyes	President	January 21, 1947
Belen R. Castro	VP & Treasurer	April 9, 1948
Manuel G. Arteficio	Independent Director	January 13, 1945
Francisco M. Bayot, Jr.	Independent Director	January 29, 1954
Magilyn T. Loja	Corporate Secretary	May 06, 1968
David R. Baladad	VP – Operations	September 13, 1956
Zosimo L. Padro, Jr.	VP – Finance	August 3, 1959

EDGARDO P. REYES, 76 years of age, Filipino, has been the CHAIRMAN of the Board of Directors of the Company since 1992.; PRESIDENT of International Pipe Industries Corp., Pipe Machinery Corp., Apo Pipe Industries Corp., Reyson Realty & Development Corp., Puyat Flooring Products Inc., Proleo Realty Inc., and BenePara Realty Inc.; SENIOR VICE PRESIDENT of PFM Agro-Industrial Development Corp. and Armorply Concrete Forming Systems Inc.; and, DIRECTOR of Surigao Development Corp., and Puyat Investment & Realty for the past five (5) years. Mr. Reyes is the brother of Mr. Wilfrido P. Reyes and Ms. Belen R. Castro.

WILFRIDO P. REYES, 75 years of age, Filipino, has been the PRESIDENT of the Company since 1992. CHAIRMAN/PRESIDENT of Astranniquin Corp.; EXECUTIVE VICE PRESIDENT/DIRECTOR of Gonzalo Puyat & Sons Inc.; EVP/GENERAL MANAGER of Philippine Flour Mills; SENIOR EXECUTIVE VICE PRESIDENT/DIRECTOR of Puyat Steel Corporation; TREASURER/DIRECTOR of Surigao Development Corp.; SECRETARY/DIRECTOR of Surigao Marine Products, Inc. PRESIDENT of Proleo Realty Inc., and TREASURER/DIRECTOR of International Pipe Industries Corp. for the past five (5) years. Mr. Reyes is the brother of Mr. Edgardo P. Reyes and Ms. Belen R. Castro.

BELEN R. CASTRO, 74 years of age, Filipino, has been the VICE PRESIDENT, TREASURER & DIRECTOR of the Company since 1992 up to the present and DIRECTOR&ASST.TREASURERof Gonzalo Puyat & Sons, Inc. for the past five(5) years. She is the sister of Mr. Edgardo P. Reyes and Mr. Wilfrido P. Reyes.

MANUEL G. ARTEFICIO, 77 years of age, Filipino, has been an INDEPENDENT DIRECTOR of the Company since 2007. He has been PRESIDENT of San Manuel Mining Corp. from 1990 to 2016; Assissi Mining Corp., Bonaventures Mining Corp. and Ignatius Mining Corp., all three from 1994 to present.

FRANCISCO M. BAYOT, JR., 68 years of age, Filipino, has been an INDEPENDENT DIRECTOR of the Company since 2008.; He is the DIRECTOR of Alabang Commercial Corp. since 1990; PRESIDENT/DIRECTOR of Josue Corp since 1990; PRESIDENT/DIRECTOR of JM Investment Corp. since 1990; PRESIDENT/DIRECTOR of Madrigal Condominium Corp. I & Madrigal Condominium Corp. II since 1992; PRESIDENT/DIRECTOR of Susana Realty, Inc., Septimo Realty, Inc., Porep Realty Inc., and Perop Realty, Inc. since 1993; PRESIDENT/DIRECTOR of Madrigal Business Park Association, Inc. since 1994; PRESIDENT/DIRECTOR of Madrigal-Bayot Dev. Corp. since 2008; PRESIDENT/DIRECTOR of Cebu Beacon Storage Corporation since 2015 and INDEPENDENT DIRECTOR of PGA Sompso Insurance Corp. since 2018.

MAGILYN T. LOJA., 53 years of age, Filipino, has been the CORPORATESECRETARY of the Company since 2010. She is a Senior Partner of the Esguerra & Blanco Law Offices. Atty. Loja obtained his Bachelor of Science in Business Administration and Accountancy and Bachelor of Laws from the University of the Philippines. Atty. Loja since 1996, and during the last five (5) years, has been engaged in the practice of law.

DAVID R. BALADAD, 65 years of age, Filipino, has been the VICEPRESIDENTFOROPERATIONS of the Company since 1994. He obtained his Bachelor of Science in Geology in the University of the Philippines and he is also a licensed Geologist. Prior to joining the Company, Mr. Baladad was the Chief of the Oil and Gas Division of the former Office of Energy Affairs (now DOE) and a consultant to other local exploration companies. He has been directing the operating activities of the Company since 1994 and for the last five (5) years.

ZOSIMO L. PADRO, JR., 62 years of age, Filipino, has been the VICE PRESIDENT FOR FINANCE of the Company since January

2010. He obtained his Bachelor of Science in Business Administration Major in Accounting from the University of Eastern Philippines and Bachelor of Laws from Jose Rizal College. Atty. Padro is also the Vice President for Finance of International Pipe Industries Corp. Atty. Padro since 1990, and during the last five (5) years, has been engaged in the practice of law. He is also a Certified Public Accountant.

Mr. Manuel G. Arteficio and Mr. Francisco M. Bayot, Jr. were elected Independent Directors during the 2021 Annual Stockholders' Meeting. The Nomination Committee nominated Mr. Arteficio and Mr. Bayot as independent directors to be elected during the 2021 Annual Stockholders' Meeting. Both Mr. Arteficio and Mr. Bayot are qualified to be nominated and elected as Independent Directors of the Company in accordance with the qualifications specified with SEC Circular No. 16 Series of 2002 and SEC Circular No. 16 Series of 2006.

Directors elected in the annual stockholders' meeting have a term of office of one (1) year and serve as such until their successors are elected and qualified in the succeeding annual meeting of stockholders.

(1) Significant Employees

While all employees are expected to make a significant contribution to the Company, there is no one particular employee, nor an executive officer, expected to make a significant contribution to the business of the Company on his own.

(2) Family Relationships

Mr. Edgardo P. Reyes, Chairman and CEO; Mr. Wilfrido P. Reyes, President; and Ms. Belen R. Castro, Vice President, Treasurer and Director of the Company are brothers and sister. All other Directors and Executive Officers are not related to each other. Other than the ones disclosed, there are no other family relationships known to the registrant.

(3) Involvement in Certain Legal Proceedings

None of the directors, nominees for election as a director, executive officers or control persons of the Company have been involved in any legal proceeding required to be disclosed under Part IV paragraph (A)(4) of SRC Rule 12 (Annex C, Amended), including without limitation being the subject of any:

(a) bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(b) conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(c) order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities commodities or banking activities; and

(d) order or judgment of a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization finding him/her to have violated a securities or commodities law or regulation, for the past five (5) years up to the latest date, that is material to the evaluation of the ability or integrity to hold the relevant position in the Company.

ITEM 10: EXECUTIVE COMPENSATION

There are no bonuses, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the issuer will participate.

The Group has no pension in which any such person will participate.

There are no employment contracts arrangements for this year.

The aggregate compensation paid or accrued during the last two calendar years and to be paid in the ensuing calendar year to the Chief Executive Officer and three most highly compensated executive officers are as follows:

Name and Principal Position	Year	Salary (P)	Bonus (P)	Other Annual Compensation
Edgardo P. Reyes Chairman / CEO				
David R. Baladad VP-Operations				
Zosimo L. Padro, Jr. VP – Finance				
Ronna C. De Leon Accounting Manager				
Aggregate compensation –	2022	2,250,000(est.)	550,000(est.)	N/A
CEO & all other officers and	2021	2,203,720	530,640	N/A
Directors as a group unnamed	2020	2,203,720	530,640	N/A

Among the directors and officers of the company, only the four (4) stated above are being compensated.

ITEM 11: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) Security Ownership of Certain Record and Beneficial Owners and Management as of May 15, 2022 (owning more than 5% of any class of voting securities)

Title of Class	Name and address of record owner and	Relationship with Issuer	Name of Beneficial ownership and relationship with record owner	Citizenship	No. of Shares Held	Percent
Common	EDGARDO P. REYES 1371 Caballero St., Dasmariñas Vill, Makati	Director	EDGARDO P. REYES, same person	Filipino	229,853,123	25.4849%
Common	BELEN R. CASTRO 4889 Pasay Road, Dasmariñas Vill., Makati	Director	BELEN R. CASTRO, same person	Filipino	231,531,122	25.6709%
Common	WILFRIDO P. REYES 1545 Mahogany St., Dasmariñas Vill., Makati	Director	WILFRIDO P. REYES, same person	Filipino	226,853,123	25.1522%

Common	PCD Nominee Corp. (Filipino) G/F MKSE Bldg., 6767 Ayala Ave., Makati	Stockholder	PCD Nominee Corp. (Filipino), depository agent	Filipino	162,028,229	17.9648%
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There are no beneficial owners of more than 5% under the PCD Nominee Corporation (Filipino), which owns 17.9648% of the total shares of the Company.

(b) Security Ownership of Management Directors

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of Class
Common Shares	Edgardo P. Reyes	229,853,123	Direct, Record and Beneficial	Filipino	25.4849%
Common Shares	Belen R. Castro	231,531,122	Direct, Record and Beneficial	Filipino	25.6709%
Common Shares	Wilfrido P. Reyes	226,853,123	Direct, Record and Beneficial	Filipino	25.1522%
Common Shares	Francisco M. Bayot, Jr.	400,000	Direct, Record and Beneficial	Filipino	00.0443%
Common Shares	Manuel G. Arteficio	100,000	Direct, Record and Beneficial	Filipino	00.0111 %
Total		688,737,368			76.3634%

Executive Officers

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of Class
Common Shares	Edgardo P. Reyes	-----			-----
Common Shares	Wilfrido P. Reyes	-----			-----
Common Shares	Belen R. Castro	-----			-----
Common Shares	David R. Baladad	50,000	Direct, Record and Beneficial	Filipino	00.0055%
Total		50,000			00.0055%

Directors and Officers as a Group

Title of Class	Name of Beneficial owner	Amount of Beneficial ownership	Percent of Class
Common Shares	Directors as a Group	688,737,368	76.3634%
Common Shares	Executive Officers as a Group	50,000	00.0055%
Total		690,609,368	76.3689%

No person holding more than 5% of a class is under a voting trust or similar agreement.

The Company has no arrangements which may result in a change in control of the registrant.

ITEM 12: CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

SOUTH CHINA PETROLEUM INTERNATIONAL, INC. (SCPI)

SCPI is a corporation established to prospect for, explore, extract, dig and drill for, exploit, produce, purchase, or otherwise obtain from the earth, any and all kinds of petroleum and petroleum products, rocks or carbon oils, natural gas and other volatile materials, chemical substance and salts, precious and base metals, diatomaceous earth as well as other minerals of whatever nature whether similar or dissimilar to those listed herein, and to manufacture, refine, prepare for market, buy, sell, import, export and transport and otherwise deal in petroleum and other minerals of whatever nature, whether similar or dissimilar thereto, their products, compounds and derivatives and other mineral and chemical substances in crude or refined condition, and to generally engage, as may be permitted by law, in the business of, and/or investing in mining, manufacturing, contracting and servicing, in addition to oil exploration.

The total amount of receivable from SCPI as of December 31, 2021 and 2020 amounted to ₱270,903 and ₱256,444 which pertains to the amount paid for the business permit and registration. The amount is due and demandable.

ITEM 13: CORPORATE GOVERNANCE

The Company is committed to doing business in accordance with the highest professional standards, business conduct and ethics and all applicable laws, rules, and regulations in the Philippines. The Company, its directors, officers, and employees are dedicated to promote and adhere to the principles of good corporate governance by observing and maintaining its core business principles of accountability, integrity, fairness, and transparency.

An evaluation system is being set in place in relation to the provisions of the Revised Manual on Corporate Governance to measure the level of compliance by directors and top management. Also, the Company and its directors, officers and employees complied with all the leading practices and principles on good governance as embodied in the company's Revised Corporate Governance Manual.

The Company believes that the current corporate governance of the Company is sufficient to address its needs.

As per SEC Notice dated 05 April 2018, this portion has been deleted pursuant to SEC Memorandum Circular No. 5, series of 2013.

PART V - EXHIBITS AND SCHEDULES

ITEM 14: EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits – None

(b) Reports on SEC Form 17-C

The reports indicated below were filed on SEC Form 17-C during the last six-month period covered by this report.

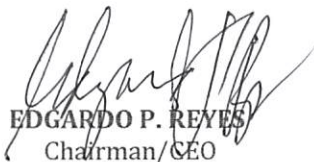
<u>August 02, 2021</u>	<p>SOCResources, Inc.'s wholly-owned subsidiary, SOC Land Development Corporation ("SOC Land"), marks another milestone as it celebrates the Ground Breaking Ceremony of the Azalea Tower on August 5, 2021. Azalea is a 21-storey residential building with 618 residential units and is the second of four buildings in its flagship development, Anuva Residences located along the East Service Road, Barangay Buli, Muntinlupa City.</p> <p>The groundbreaking ceremony is the second of such event</p>
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	<p>for 2021 for SOC Land with Phase 2 of its horizontal development, Althea Residences in Binan City, Laguna, breaking ground last March 17, 2021. This is a testament to SOC Land's commitment to its buyers in delivering quality properties in a timely manner, regardless of the economic and social situation. This is the distinct advantage of a property development company with no leverage and having equity funded projects.</p> <p>Planning and design of the third and fourth towers of the Anuva Residences are ongoing for projected sales launch in 2022 while other sites in Pasay, Quezon City, Baguio, Pampanga, Laguna, Cavite, Batangas and Rizal are being considered for future developments.</p>
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SIGNATURES


Pursuant to the requirements of Section 17 of the 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 16 2022**.

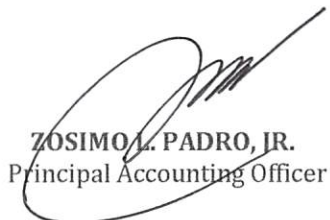
By:


EDGARDO P. REYES
 Chairman/CEO


WILFRIDO P. REYES
 President


BELEN R. CASTRO
 Vice President & Treasurer


DAVID R. BALADAD
 Principal Operating Officer


ZOSIMO L. PADRO, JR.
 Principal Accounting Officer


MAGILYN T. LOJA
 Corporate Secretary

SUBSCRIBED AND SWORN to before me this **MAY 16 2022** day of _____ affiant(s) exhibiting to me their valid government issued identification as follows:

Name	Type	No.	Date of Issue	Place of Issue
Edgardo P. Reyes	OSCA	29858	Mar 25, 2009	Makati City
Wilfrido P. Reyes	OSCA	14683	Feb 05, 2007	Makati City
Belen R. Castro	OSCA	23231	Apr 29, 2008	Makati City
David R. Baladad	OSCA	22221	Sep 23, 2016	Quezon City
Zosimo L. Padro, Jr.	IBP	36869	N/A	Manila
Magilyn T. Loja.	UMID	0111-7369-3880	N/A	Makati City

Doc. No. : 256
 Page No. : 53
 Book No. : 284
 Series of : 2022


ATTY. GEORGE DAVID D. SITON
 NOTARY PUBLIC FOR MAKATI CITY
 APPT. NO. 14061 - UNTIL DEC. 31, 2023
 ROLL NO. 68802 / 14061 COMPLIANCE NO. VII-GS13136/2-15-2027
 IBP O.R. NO. 2182-LIFETIME RESIDENCY MAY 5, 2017
 P.R. NO. 252056-JAN 28, 2022-MAKATI CITY
 EXECUTIVE BLDG. CENTER MAKATI AVE., COR. REPUBLIC ST., MAKATI CITY

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	SOCResources, Inc
Location of Headquarters	4f, ENZO Building, 399 Sen. Gil Puyat Ave., Makati City
Location of Operations	Makati, Laguna, Muntinlupa
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	This report discusses the operations and projects of SOCResources, Inc. and its subsidiaries SOC Land Development Corporation and SOC Blue Moon Inc
Business Model, including Primary Activities, Brands, Products, and Services	SOCResources, Inc is a holding company with varied business interests. SOC Land is a real estate developer with condominium project in Muntinlupa and house and lot project in Binan Laguna. SOC Blue Moon is a start-up coffee company
Reporting Period	January 1 to December 31, 2021
Highest Ranking Person responsible for this report	David Baladad - VP Operations

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. ¹
<p>SOC identified the following stakeholder groups that would be consulted on the basis of their influence on the Company's economic, social, and environmental performance, and who are most affected by its operations: (a) principals; (b) employees; (c) senior executives; (d) subsidiary; (e) customers.</p> <p>Due to the restrictions brought about by the Covid-19 pandemic, there were limitations to the survey distributed among the identified stakeholders and resulted in the following material topics and disclosures that are part of this reporting template:</p> <p>I. Economic</p> <ul style="list-style-type: none">A. Economic Performance<ul style="list-style-type: none">1. Direct Economic Value Generated and DistributedB. Anti-Corruption<ul style="list-style-type: none">1. Training on Anti-Corruption Policies and Procedures <p>II. Environment</p> <ul style="list-style-type: none">A. Resource Management<ul style="list-style-type: none">1. Reduction of energy consumption <p>III. Social</p> <ul style="list-style-type: none">A. Employee Management<ul style="list-style-type: none">1. Employee Hiring and Benefits

- | |
|---|
| <ul style="list-style-type: none">2. Employee Training and Development <p>B. Customer Management</p> <ul style="list-style-type: none">1. Marketing and Branding2. Customer privacy3. Data Security |
| |

ECONOMIC

Economic Performance

SOC aims to increase shareholder value and company growth by optimizing capital and expenditures to expand business activities. Our contribution to society is to provide affordable quality housing in the midst of a housing shortage, working to greater professionalism and affording reasonable returns for the company and its employees. SOC owned properties means it doesn't need to partner with other land owners or buy expensive lots to develop. Housing developments have big multiplier effects on domestic economy, with every peso spent on building houses generating several more pesos in our gross domestic product.

The Company has also started investment in the agro-food industry with a start-up coffee company that sources its coffee directly from farmers allowing for focused interaction with farmer suppliers.

The Company is embarking in investment opportunities in agro-forestry and energy and mineral exploration.

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	320,170,421	PhP
Direct economic value distributed:		
a. Operating costs	281,564,180	PhP
b. Employee wages and benefits	20,588,197	PhP
c. Payments to suppliers, other operating costs	186,896,963	Php
d. Dividends given to stockholders and interest payments to loan providers	0	PhP
e. Taxes given to government	15,328,388	PhP
f. Investments to community (e.g. donations, CSR)	770,089	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The value generated by the Company and its subsidiary activities primarily affect the	Employees Suppliers Government	SOC aims to continue to provide affordable quality housing by acquiring new lands. It also seeks to expand

<p>economic and demographic profile of the area where it operates. The activities have also fostered a system of partnership with suppliers and contractors across various backgrounds.</p> <p>By providing affordable housing, the Company believes it positively contributes to economic growth and social stability among its stakeholders.</p> <p>Supporting the local agro-food industry through local sourcing of its raw material, coffee beans</p>	<p>Customers Communities Shareholders</p>	<p>shareholder value by pursuing other opportunities that would lead to self-sufficient activities like food production</p> <p>The company sources coffee from local coffee farmers providing them additional information and training to enhance the produce of their coffee trees</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>Any downturn in economic conditions, political instability, climate change, man-made and natural disasters, fraud, adverse governmental regulation, lawsuit or corruption could have adverse material impact on the Company's business operations.</p> <p>The Covid-19 lockdowns severely affected the Philippine economy. Businesses re-opened in 2021 but were affected by the quarantine levels</p>	<p>Employees Suppliers Government Customers Communities Shareholders</p>	<p>The Company has mitigation plans including audit controls to minimize financial risks. Loan risk is low due to internally sourced funding of projects.</p> <p>Employees are made aware of their responsibilities through the Employees Handbook.</p> <p>The Company preparing a more deliberate strategy to address natural and climate related disasters.</p> <p>The Company is diversifying into other businesses to create new revenue stream and spread risk.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>The Company seeks for opportunities to increase its land bank for use in property development.</p> <p>It has a start-up coffee company to open an avenue in the agro-food as</p>	<p>Employees Suppliers Government Customers Communities Shareholders</p>	<p>Diversification into other businesses creates new opportunities and also spread risk that may be encountered in a single focus business.</p>

well as lead to opportunities in agro-forestry. Energy and mineral exploration is a another venue that the company will embark in for better diversification.		Diversification gives the Company new legs of stability to make it resilient and continue operation
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Climate-related risks and opportunities²

SOC recognizes the relevance of climate-related risks and opportunities and is in the process of crafting its comprehensive Climate Action Plan, embark data-collection efforts to serve as a baseline for target-setting for outlining long-term goals. At present it does not have sufficient information to fully assess the climate-related risks and opportunities at this stage. The Company's carbon footprint is minimal at this time mainly confined to singular land development events. The Company plans to conduct studies to further delineate areas of this topic of materiality - Data collection efforts, need to establish base line for target setting, internal studies for feasible opportunities for reducing GHG

Governance	Strategy	Risk Management	Metrics and Targets
N/A	N/A	N/A	N/A
Recommended Disclosures			
N/A	N/A	N/A	N/A

Procurement Practices – if material or not

This disclosure is not material to the Company as per materiality process.

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	NA	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

² Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	29	71%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	0	0
Percentage of directors and management that have received anti-corruption training	6	100%
Percentage of employees that have received anti-corruption training	29	71%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Corruption in the workplace may damage the Company's reputation which may result financial, legal, and regulatory consequences leading to low morale of internal stakeholders	Employees, Senior Management, Directors, Suppliers	<p>The Company's Employees Code provides penalties for corruption violations. The Code also states that all directors, officers, and employees shall ensure the conduct of fair business transactions and that personal interest does not affect the exercise of their duties.</p> <p>Procurement and audit policies are in place.</p>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Any corruption incident poses a risk to the operations of the company and may impact negatively to the company hindering other businesses in dealing with SOC	Employees, Senior Management, Directors, Suppliers	The Company shall integrate its anti corruption policies and procedures in its Code of Discipline for employees to be performed by the company's internal audit group.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Training on anti-corruption policies and procedures provides a guide to internal stakeholders about actions that are deemed acceptable in the conduct of business operations.	Employees	Once integrated in the Code of Discipline, the Company shall require annual acknowledgement of the understanding of its provisions to ensure constant communication and awareness.

Incidents of Corruption

This disclosure is not material to the Company as per materiality process

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	N/A	#
Number of incidents in which employees were dismissed or disciplined for corruption	N/A	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material impact	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No identified material risk		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No identified opportunity	N/A	N/A

ENVIRONMENT

Resource Management

Electricity is the main energy resource consumed in SOC and its subsidiaries.

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	4,560 estimate	Liters
Energy consumption (electricity)	396,000 estimate	kWh

Reduction of energy consumption

SOC will report on the reduction when sufficient data has been gathered

Disclosure	Quantity	Units
Energy reduction (renewable source)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	Gathering ongoing	GJ
Energy reduction (electricity)	Gathering ongoing	kWh
Energy reduction (gasoline)	Gathering ongoing	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
SOC sources electricity from the local grid and its consumption is relatively low.	Employees Senior Management Suppliers Customers	SOC implements energy saving through the use of LED lights and inverter air conditioners when applicable. The Company is setting up a process to evaluate its approach for more comprehensive energy utilization and reduction. SOC is also studying the transition to solar powered outdoor lighting in its projects.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

Energy conservation could mean increase in capital expenditures	Senior Management Employees Customers Suppliers	SOC shall assess the current energy infrastructure and determine the necessary adjustments when applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Energy conservation could result in long term savings as well as reduce carbon footprint of the Company	Senior Management Employees Customers Suppliers	SOC explores for methods and technologies that have lesser negative impacts on the environment.

Water consumption within the organization

SOC operations is not water intensive and SOC believes this disclosure is not material as per materiality process and will endeavor to get a better estimate.

Disclosure	Quantity	Units
Water withdrawal	0	Cubic meters
Water consumption	<i>18,800 estimate</i>	Cubic meters
Water recycled and reused	0	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
SOC's core operations are not water intensive and sources water from the local water utility. It is consumed primarily for employee lavatories, maintenance and cleanliness of offices and common areas	Employees	Water consumption is now to be monitored for maintenance and use
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No Identified material risk in its core operations. Possibility of water interruptions dependent on local water utility	Employees Customers	Arrangement with local water utility can be put into effect to provide water in case of water interruptions

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Water recycling Waterless Urinals Water saving campaigns	Employees Customers	SOC will explore the implementation of water-saving facilities in areas of operation

Materials used by the organization

This disclosure is not material to SOC as per materiality process.

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	N/A	kg/liters
• non-renewable	N/A	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

This disclosure is not material to SOC as per materiality process.

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	
IUCN ³ Red List species and national conservation list species with habitats in areas affected by operations	N/A	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Environmental impact management

Air Emissions

This disclosure is not material to SOC as per materiality process.

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	N/A	Tonnes CO ₂ e

Energy indirect (Scope 2) GHG Emissions	N/A	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	N/A	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Air pollutants

This disclosure is not material to SOC as per materiality process.

Disclosure	Quantity	Units
NO _x	N/A	Kg
SO _x	N/A	Kg
Persistent organic pollutants (POPs)	N/A	Kg
Volatile organic compounds (VOCs)	N/A	Kg
Hazardous air pollutants (HAPs)	N/A	Kg
Particulate matter (PM)	N/A	Kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Solid and Hazardous Wastes

This disclosure is not material to SOC as per materiality process as the company tries to minimize paper use.

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated		Kg
Reusable	N/A	Kg
Recyclable	N/A	Kg
Composted	N/A	Kg
Incinerated	N/A	Kg
Residuals/Landfilled	N/A	Kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Hazardous Waste

This disclosure is not material to SOC as per materiality process.

Disclosure	Quantity	Units
Total weight of hazardous waste generated	N/A	Kg
Total weight of hazardous waste transported	N/A	Kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Effluents

This disclosure is not material and has minimal impact

Disclosure	Quantity	Units
Total volume of water discharges	53,400 estimate	Cubic meters
Percent of wastewater recycled	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Impact on the environment on waste water disposal.	Community Government	Steps are being undertaken to improve the Sewage Treatment facility and plan for recycling facilities in future projects.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Recycled water facilities require capital expenditures.	Principal	SOC is committed to environmental preservation and is willing to invest in it.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Using recycled water will save on water and water utility costs.	Community	Long term savings on capital expenditure as a result of environmental preservation efforts.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	#
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Non-compliance with environmental laws and regulations may damage SOC reputation.	Employees Stakeholders Community Government	Maintain compliance with environmental laws and regulations
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Non-compliance with environmental laws and regulations may damage SOC reputation as well as result in breach of its contractual obligations.	Employees Stakeholders Community Government	SOC is continually finding ways to limit environmental impact.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach

New technology requires capital expenditure but may lessen long term operational expenses.	Employees Stakeholders Customers Suppliers	SOC is open to technological advances that will benefit environmental preservation.
--	---	---

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁴	47	100%
a. Number of female employees	26	55%
b. Number of male employees	21	45%
Attrition rate ⁵	5	10%
Ratio of lowest paid employee against minimum wage	0	0%

Employee benefits

List of Benefits	Y/N		# of female employees who availed for the year	# of male employees who availed for the year
SSS	Y		1	1
PhilHealth	Y		1	1
Pag-ibig	Y		1	1
Parental leaves	N		N/A	N/A
Vacation leaves	Y		25	16
Sick leaves	Y		25	16
Medical benefits (aside from PhilHealth))	Y		24	16
Housing assistance (aside from Pag-ibig)	N		0	0
Retirement fund (aside from SSS)	N		0	0
Further education support	N		0	0
Company stock options	N		0	0
Telecommuting	Y		25	16
Flexible-working Hours	N		N/A	N/A
(Others)	N/A			

⁴ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁵ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>MANPOWER</p> <ul style="list-style-type: none"> a. Recruitment b. Compensation & benefits c. Labor relations/ company code of conduct and disciplinary action d. Continuity of business e. Effect Covid -19 Pandemic 	<ul style="list-style-type: none"> a. Existing HR SPI (Standard Policy Instruction) on recruitment, screening and hiring of qualified and competent personnel to fit organizational requirement. b. Compensation & benefits – established competitive compensation package. Compliant to government social benefits and labor standards. c. Defined acceptable code of conduct and behavior inside and outside the company premises during official business hours; Implements due process for any infraction before imposition of any disciplinary action.
What are the Risk/s Identified?	Management Approach
<p>Failure to hire qualified employees would greatly affect quality of real estate development and construction of vertical and horizontal quality and affordable housing units.</p> <p>Dishonest sellers who may misrepresent during sale and promotion of units</p> <p>Disruption of business operations</p>	<p>Strict implementation of recruitment, screening, background verification, competencies evaluation and on-boarding procedure.</p> <p>Same standard is applied in accrediting brokers and sellers to strictly uphold integrity in sales of housing units developed.</p>
What are the Opportunity/ies Identified?	Management Approach
<p>By hiring qualified employees and engaging qualified contractors, SOC develops and constructs quality housing units the gives buyer value for money.</p> <p>Creates positive public image to SOC quality houses at competitive price levels.</p>	<p>Open to new opportunities for improved screening and recruitment of manpower to address organizational needs. Pro-active approach to weed out undesirables in the organization thru due process.</p>

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	32	500 hours
b. Male employees	16	250 hours
Average training hours provided to employees		
a. Female employees	16	16 hours/employee
b. Male employees	16	16 hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Training and development of human asset of the organization impacts on the organization's quality of products sold, in case of SOC, residential horizontal and vertical housing units in the real estate industry.	To ensure that its employees are trained and develop to meet changes and challenges in the real estate industry such as computerization of its business process to meet clients, stakeholders , statutory and regulatory requirements. Update and train on latest government mandated labor and social legislation to ensure compliant to its employees' welfare. Established written policies on Disciplinary Action process, and strict implementation of due process procedure.
What are the Risk/s Identified?	Management Approach
Failure to develop and train human resources, will cause turnover and dissatisfaction. And will manifest in quality and quantity of work output.	Identify training and development needs through regular semi-annual evaluation; corrective and preventive actions to problems encountered attributed to human resources; response to customer complaint or failure to meet regulatory and statutory requirements are best source of identifying training need and gaps in the organization.
What are the Opportunity/ies Identified?	Management Approach
Training and developing employees skills and competencies are one of the tools for employee retention; thus reducing labor turn-over. Establish continuity of functions and records/documents management.	Establish training retention policy to ensure return of training investments. Evaluate readiness for more responsible position as a result of training and development. Can be used as a tool for succession planning.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	N/A	%
Number of consultations conducted with employees concerning employee-related policies	1	1%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Employees hour gives management the opportunity to discuss and explain HR policies and programs.	Regular monthly employees' hours to discuss matters affecting management and employee

Opens and gives employees chance to voice out concerns and clarification to issues relative to employee benefits, disciplinary actions, training programs. Clarifies misconceptions and fake news within the organization that could impact to client and company reputation in the industry.	relations. Periodic issuance of memoranda and policies to govern employee/management relations. Management and HR open door policy encourages communications of concerns and immediate clarifications/decisions to address and correct possible problems.
What are the Risk/s Identified?	Management Approach
Failure to establish mechanism for open labor management relations creates risk for employee dissatisfaction manifested in absences, tardiness, poor quality of work and attitude problem which can impact in quality of client service and satisfaction.	Minimize if not eliminate the risk of employee dissatisfaction and turnover, and improve performance thru open and honest grievance procedure and mechanism.
What are the Opportunity/ies Identified?	Management Approach
Happy employees reduce problems; equals happy and satisfied clients. Positive company image in the industry would mean more sales.	Pro-active decision making to address and correct grievances. Fair and equitable of implementation of code of discipline to all employees.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	26	55%
% of male workers in the workforce	21	45%
Number of employees from indigenous communities and/or vulnerable sector*	0	n/a

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
SOC is an equal opportunity company, hiring employees based on competencies, skills and experience including organizational fit.	SOC as an organization is gender sensitive and does not discriminate any employee due to sexual orientation or cultural background or marital status. Is compliant to DOLE policies on labor standards.
What are the Risk/s Identified?	Management Approach

Having biases against sex, age, cultural identity will limit the organization's ability to hire qualified employees. And will also impact on the quality of its manpower in the organization.	Hire for attitude, train for skills; practice non discrimination against sex, cultural diversity or marital status.
What are the Opportunity/ies Identified?	Management Approach
Practicing equal opportunity for employment opens wider selection of qualified employees that will be able to meet corporate goals and objectives.	Create positive organizational culture where diversity in religion, background, sexual orientation, marital status is not an issue; but focus on qualifications and competence to deliver expected output and productivity.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours		
No. of work-related injuries	N/A	N/A
No. of work-related fatalities	N/A	N/A
No. of work related ill-health	4	32 man hours
No. of safety drills	N/A	N/A

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Ensuring workplace health and safety lessens if not eliminates accident in the workplace and zero man-hour lost. A healthy and safe company ensures productivity. Impacts positive client or unit owners' relations; including in the local community where the housing units are located.	Ensures compliance to safe and healthy working conditions per OSH policy of DOLE, DENR and other government regulatory bodies.
What are the Risk/s Identified?	Management Approach
Unsafe and unhealthy workplace, impacts on the company and the community where the housing development project is located. Poor sales and high risk of accident may occur.	Control and reduce risk in health and safety issues by complying to government regulatory requirement. Establish safe and healthy practices in the workplace.
What are the Opportunity/ies Identified?	Management Approach
Safe and healthy workplace, creates positive vibe within the organization, and with clients and community.	Ensure compliance to health and safety regulations. Communicate and reassure all stakeholders, employees, clients and local community of the safety factors and practices

	during land development, construction, and turnover to unit buyers.
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Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	N/A	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	y	In compliance to labor standards of DOLE
Child labor	y	In compliance to labor standards of DOLE
Human Rights	y	In compliance to labor standards of DOLE

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Violating labor standards in terms of forced labor, child labor or human rights violations creates a very negative company image for the organization and in the industry. Will result to poor sales and strained community relations.	Strict compliance to DOLE's labor standard against forced labor, child labor and human rights violations
What are the Risk/s Identified?	Management Approach
Company will face sanctions for violating labor standards. Risk of litigation for sexual harassment or bullying in the workplace.	SOC Company Code of Conduct explicitly defines sanctions for these kinds of violations.
What are the Opportunity/ies Identified?	Management Approach
No social stigma for violation of labor standards, including violation of human rights. Uphold SOC's image as a clean company.	Does not tolerate abuses in the workplace, sanctions are imposed after due process.

Supply Chain Management

On-going development of the supplier accreditation policy:

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N/A	N/A
Forced labor	N/A	N/A
Child labor	N/A	N/A
Human rights	N/A	N/A
Bribery and corruption	N/A	N/A

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	N/A
What are the Risk/s Identified?	Management Approach
N/A	N/A
What are the Opportunity/ies Identified?	Management Approach
N/A	N/A

Relationship with Community

Significant Impacts on Local Communities

SOC has yet to start operations in a proposed site in Palawan island where it has been awarded a CP by the NCIP. The Company is still in the process of securing an ECC to allow for the start of an agro-forestry project. The Company is also in the process of securing an exploration permit with the Mines and Geosciences Bureau for an area in Negros Oriental and is undergoing an FPIC process with the NCIP. The Company therefore cannot report any significant activity on this matter

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
In process of securing appropriate	Palawan	N/A	N/A	N/A	N/A

government permits to allow commencement of operations	Negros Oriental				
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**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available

Certificates	Quantity	Units
FPIC process is still undergoing	1	#
CP secured	1	#

What are the Risk/s Identified?	Management Approach
IP discontent may arise if there is no FPIC to communicate the intent of a project	Establish good relations with IP community to ensure harmonious relationship with IPs
What are the Opportunity/ies Identified?	Management Approach
Good communications forge better relations	Establish good relations with IP community to ensure harmonious relationship with IPs

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	90%	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Customer satisfaction is important to the business as it is an indicator of how good and how quality the products and services are in terms of delivery and operational service.	SOC Land has invested in a new business system to serve the customers better and faster. Once this business system is totally up, we ensure to improve customer satisfaction.
What are the Risk/s Identified?	Management Approach

Customer dissatisfaction can influence SOC Land's reputation negatively which may affect future purchases.	SOC Land continues to upgrade its services through the new business system which is soon to be up an operating.
What are the Opportunity/ies Identified?	Management Approach
Customer engagement can foster better customer relations that leads to brand recall	Business system is on the process of implementation.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety* NO. OF COMPLAINTS??	N/A	#
No. of complaints addressed	N/A	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Implementation of pandemic and safe construction protocols to ensure safety within the areas of operations	SOC Land also implemented a rigid continuous training program and established a check and balance procedure to ensure quality of service
What are the Risk/s Identified?	Management Approach
Possible damage to reputation as developer	Cooperate and resolve all issues as well as ensure proper dissemination of information to buyers and contractors
What are the Opportunity/ies Identified?	Management Approach
Better planning and closer cooperation with customers, contractors, LGU and pertinent government agencies are opportunities for safe and smoother operations	Maintain good relations with these customers, contractors and concerned agencies

Marketing and labelling

In this instance it is the subsidiary SOC Land that has filed a complaint against a third party.

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	1	#
No. of complaints addressed	1	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
A new property developer under the name ISOC Land was registered with SEC and IPO creating confusion with SOC Land.	Filed formal complaint against the confusingly similar ISOC Land company name.
What are the Risk/s Identified?	Management Approach
Consumers may mistakenly identify the other company as SOC Land that will affect the public's perception of the company.	Implement a corporate branding campaign – The SOC Land Way, to further establish SOC Land brand.
What are the Opportunity/ies Identified?	Management Approach
There is an opportunity to use the SOC Land Way campaign which also acts as an advertisement that will lead to sales generation .	Take advantage of Social Media for corporate branding and marketing campaign.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
In real estate, customers are the investors, buyers and tenants of the development and any information gathered through the processes are personal information such as names, addresses, proof of financial capacity etc. SOC Land is able to protect customer privacy and is trustworthy and reliable.	SOC Land has a Data Privacy Act Agreement signed by every customer and is attached to their docket
What are the Risk/s Identified?	Management Approach
Usage of these data other than the primary purpose for which they were obtained can create customer dissatisfaction and distrust.	SOC Land complies with the Data Privacy Act

What are the Opportunity/ies Identified?	Management Approach
There is an opportunity to review and update the policies related to Customer Privacy	SOC Land reviews its Customer Privacy Policies to ensure that it is adequate and relevant.

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Data security breach could result in damage and/or loss of customer confidence	SOC Land has invested in a new business system to prevent such loss of documents and information of clients.
What are the Risk/s Identified?	Management Approach
Customer dissatisfaction resulting in loss of sale	SOC Land proactively exhausts efforts in retrieving the documents and coordinating with clients to correct this.
What are the Opportunity/ies Identified?	Management Approach
A centralized business system offers a ready solution to this problem	On- going completion of the data needed for the new Business System

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Residential Units	Address the housing backlog	Environmental impact of development	Ensure compliance with pertinent government agencies

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of SOCResources, Inc. and subsidiary is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders.

SYCIP GORRES VELAYO & CO., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippines Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:


EDGARDO P. REYES
Chairman/Chief Executive Officer
WILFRIDO P. REYES
President
BELEN R. CASTRO
Vice President/Treasurer
ZOSIMO L. PADRO, JR.
Vice President - Finance

SUBSCRIBED AND SWORN to before me this MAY 12 day of 2022 affiants exhibiting to me their valid government issued identification as follows:

Name	Type	No.	Date of Issue	Place of Issue	Expiry
Edgardo P. Reyes	OSCA	29858	Mar 25, 2009	Makati City	N/A
Wilfrido P. Reyes	OSCA	14683	Feb 05, 2007	Makati City	N/A
Belen R. Castro	OSCA	23231	Apr 29, 2008	Makati City	N/A
Zosimo L. Padro, Jr.	IBP	36869	N/A	Manila	N/A

Doc. No.: 31;
Page No.: 08;
Book No.: 283;
Series of 2022.

ATTY. GEORGE DAVID D. SITON
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-61 - UNTIL DEC. 31, 2023
BOM-NO. 68402 / TACLE COMPLIANCE NO. VHC010256/2-15-2023
IBP O.R. NO. 002204 - LIFETIME MEMBER - MAY 5, 2017
PTR NO. 285206 - JAN 03, 2022 - MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR. JUPITER ST., MAKATI CITY

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	2	-	0	6	4	4	1
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COMPANY NAME

[illegible]**PRINCIPAL OFFICE** (No. / Street / Barangay / City / Town / Province)[illegible]

Form Type

A	A	C	F	S
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Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

socinfo@socres.com.ph

Company's Telephone Number

(02) 8804-1978

Mobile Number

N/A

No. of Stockholders

358

Annual Meeting (Month / Day)

06/17

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Ronna C. De Leon

Email Address

info@socres.com.ph

Telephone Number/s

(02) 8804-1977

Mobile Number

09175364732

CONTACT PERSON'S ADDRESS

4th Floor Enzo Building, 399 Senator Gil Puyat Avenue, Makati City 1200

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-out. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
SOCResources, Inc.
4th Floor Enzo Building
399 Senator Gil Puyat Avenue
Makati City 1200

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of SOCResources, Inc. and Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group as of December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2021 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) application of the input method as the measure of progress in determining real estate revenue; (3) determination of the actual costs incurred as cost of sales; and (4) recognition of cost to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as past history with buyer, age and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of the Corona Virus Disease (COVID 19) pandemic, if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses input method. Under this method, progress is measured based on actual costs incurred on materials, labor, and actual overhead relative to the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual costs incurred. The estimation of the total costs of the real estate project requires technical inputs by project engineers.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

The Group identifies sales commission after contract inception as the cost of obtaining the contract. For contracts which qualified for revenue recognition, the Group capitalizes the total sales commission due to sales agent as cost to obtain contract and recognizes the related commission payable. The Group uses percentage of completion method in amortizing sales commission consistent with the Group's revenue recognition policy.

The disclosures related to real estate revenue are included in Notes 2, 3 and 22 to the consolidated financial statements.



Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We also considered the impact of the COVID 19 pandemic to the level of cancellations during the year. We traced the analysis to supporting documents, such as history of payments, contracts to sell of sold units, and schedule of forfeited units.

For the application of the input method in determining real estate revenue and for determining cost of sales, we obtained an understanding of the Group's processes for determining the percentage of completion (POC), including the cost accumulation process, and for determining and updating of total estimated costs, and performed tests of the relevant controls on these processes. We assessed the competence and objectivity of the project engineers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to the supporting documents such as invoices, accomplishment reports from the contractors and official receipts. We made relevant inquiries, including inquiries on how the COVID 19 pandemic affected the POC during the period, with project engineers. We performed test computation of the percentage of completion calculation of management. For selected projects, we obtained the approved total estimated costs and any revisions thereto and the supporting details such as reports from the contractors.

For the recognition of cost to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we agreed the basis for calculating the sales commission capitalized and portion recognized in profit or loss, particularly (a) the percentage of commission due against contracts with sales agents, (b) the total commissionable amount (e.g., net contract price) against the related contract to sell, and, (c) the POC against the POC used in recognizing the related revenue from real estate sales.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the twelve-month period ended December 31, 2021, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Albert R. Bon.

SYCIP GORRES VELAYO & CO.



Albert R. Bon

Partner

CPA Certificate No. 0121479

Tax Identification No. 255-491-830

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 121479-SEC (Group A)

Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-135-2020, January 31, 2020, valid until January 30, 2023

PTR No. 8853475, January 3, 2022, Makati City

May 16, 2022



SOCRESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱491,205,716	₱599,223,662
Short-term investments (Note 5)	187,677,472	–
Receivables (Note 6)	24,771,579	40,551,972
Contract assets and costs to obtain contracts - current portion (Note 22)	51,402,262	33,652,339
Real estate inventories (Note 7)	1,014,769,820	1,061,683,139
Prepayments and other current assets (Note 8)	47,993,196	58,397,845
Total Current Assets	1,817,820,045	1,793,508,957
Noncurrent Assets		
Equity investments at fair value through other comprehensive income (FVTOCI) (Note 9)	55,553,235	43,874,723
Financial assets at fair value through profit or loss (FVTPL) (Note 10)	28,751,199	–
Contract assets and costs to obtain contracts - net of current portion (Note 22)	45,541,054	32,362,241
Property and equipment (Note 11)	33,756,828	36,565,773
Deferred income tax assets - net (Note 18)	8,986,044	8,580,915
Other noncurrent assets (Note 12)	8,502,201	5,726,644
Total Noncurrent Assets	181,090,561	127,110,296
TOTAL ASSETS	₱1,998,910,606	₱1,920,619,253
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities (Note 13)	₱71,352,195	₱56,120,295
Contract liabilities (Note 22)	99,737,979	130,089,749
Total Current Liabilities	171,090,174	186,210,044
Noncurrent Liabilities		
Retirement benefit obligation (Note 17)	9,029,148	6,618,727
Contract liabilities - net of current portion (Note 22)	168,867,098	109,564,881
Total Noncurrent Liabilities	177,896,246	116,183,608
Total Liabilities	348,986,420	302,393,652
Equity (Note 20)		
Common stock		
Issued	601,389,569	601,389,569
Subscribed	76,292,500	76,292,500
Additional paid-in capital	72,272,140	72,272,140
Retained earnings:		
Appropriated	745,000,000	745,000,000
Unappropriated	137,668,030	114,390,177
Other comprehensive income (Notes 9 and 17)	22,263,597	13,842,865
Treasury stock	(4,961,650)	(4,961,650)
Equity	1,649,924,186	1,618,225,601
TOTAL LIABILITIES AND EQUITY	₱1,998,910,606	₱1,920,619,253

See accompanying Notes to Consolidated Financial Statements.



SOCRESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020	2019
REVENUE FROM REAL ESTATE SALES			
(Note 22)	₱310,774,950	₱51,046,755	₱112,582,130
OTHER INCOME - net			
Interest income (Notes 4, 5 and 6)	8,637,248	12,312,471	23,132,313
Dividend income (Note 9)	140,715	124,890	386,287
Gain on fair value change of financial assets at FVTPL (Note 10)	246,990	—	—
Foreign exchange gain – net	370,518	—	—
Other income - net (Note 16)	—	9,435,001	731,251
	9,395,471	21,872,362	24,249,851
COSTS, EXPENSES and			
OTHER CHARGES - net			
Cost of real estate sales (Note 7)	(186,896,963)	(29,878,217)	(67,905,972)
General and administrative expenses (Note 14)	(63,287,843)	(44,306,542)	(58,125,285)
Sales and marketing expenses (Note 15)	(23,220,577)	(6,667,281)	(13,429,475)
Foreign exchange loss – net	—	(324,901)	(241,472)
Other charges - net (Note 16)	(8,158,797)	—	—
	(281,564,180)	(81,176,941)	(139,702,204)
INCOME (LOSS) BEFORE INCOME TAX	38,606,241	(8,257,824)	(2,870,223)
PROVISION FOR (BENEFIT FROM)			
INCOME TAX (Note 18)			
Current	17,362,301	9,942,115	8,579,821
Deferred	(2,033,913)	(10,262,293)	(9,029,403)
	15,328,388	(320,178)	(449,582)
NET INCOME (LOSS)	23,277,853	(7,937,646)	(2,420,641)
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Unrealized valuation gains (losses) on equity investments at FVTOCI (Note 9)	10,157,553	816,265	(9,081,578)
Actuarial losses on defined benefit plan, net of deferred income tax (Note 17)	(1,736,821)	(10,634)	(754,123)
	8,420,732	805,631	(9,835,701)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱31,698,585	(₱7,132,015)	(₱12,256,342)
Basic/Diluted Earnings (Loss) Per Share			
(Note 21)	₱0.0258	(₱0.0088)	(₱0.0027)

See accompanying Notes to Consolidated Financial Statements.



SOCRESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	Common Stock (Note 20)		Additional	Retained Earnings (Note 20)		Other Comprehensive Income	Treasury Stock	Total
	Issued	Subscribed	Paid-in Capital	Appropriated	Unappropriated	(Notes 9 and 17)	(Note 20)	
BALANCES AT JANUARY 1, 2019	₱600,559,569	₱76,500,000	₱72,272,140	₱745,000,000	₱124,748,464	₱22,872,935	(₱4,961,650)	₱1,636,991,458
Additional issuance	830,000	(207,500)	—	—	—	—	—	622,500
Net loss	—	—	—	—	(2,420,641)	—	—	(2,420,641)
Other comprehensive loss	—	—	—	—	—	(9,835,701)	—	(9,835,701)
Total comprehensive loss	—	—	—	—	(2,420,641)	(9,835,701)	—	(12,256,342)
BALANCES AT DECEMBER 31, 2019	601,389,569	76,292,500	72,272,140	745,000,000	122,327,823	13,037,234	(4,961,650)	1,625,357,616
Net loss	—	—	—	—	(7,937,646)	—	—	(7,937,646)
Other comprehensive income	—	—	—	—	—	805,631	—	805,631
Total comprehensive income (loss)	—	—	—	—	(7,937,646)	805,631	—	(7,132,015)
BALANCES AT DECEMBER 31, 2020	601,389,569	76,292,500	72,272,140	745,000,000	114,390,177	13,842,865	(4,961,650)	1,618,225,601
Net income	—	—	—	—	23,277,853	—	—	23,277,853
Other comprehensive income	—	—	—	—	—	8,420,732	—	8,420,732
Total comprehensive income	—	—	—	—	23,277,853	8,420,732	—	31,698,585
BALANCES AT DECEMBER 31, 2021	₱601,389,569	₱76,292,500	₱72,272,140	₱745,000,000	₱137,668,030	₱22,263,597	(₱4,961,650)	₱1,649,924,186

See accompanying Notes to Consolidated Financial Statements.



SOCRESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	₱38,606,241	(₱8,257,824)	(₱2,870,223)
Adjustments for:			
Interest income (Notes 4, 5 and 6)	(8,637,248)	(12,312,471)	(23,132,313)
Depreciation and amortization (Notes 11, 14 and 15)	4,282,009	2,545,515	3,939,323
Gain on repossession (Note 16)	(702,504)	(1,277,600)	(464,520)
Net changes in retirement benefit obligation (Note 17)	781,425	790,070	673,183
Dividend income (Note 9)	(140,715)	(124,890)	(386,287)
Gain fair value change of financial assets at FVTPL (Note 10)	(246,990)	—	—
Unrealized foreign exchange loss (gains) - net	(370,518)	324,901	241,472
Operating income (loss) before working capital changes	33,571,700	(18,312,299)	(21,999,365)
Decrease (increase) in:			
Receivables	15,567,000	(10,094,780)	8,706,605
Contract assets	(30,928,736)	5,038,760	(11,596,314)
Real estate inventories	47,615,823	(2,131,237)	9,098,466
Other current assets	7,236,045	4,190,750	13,763,766
Increase (decrease) in:			
Accounts payable and other liabilities	15,231,900	(4,061,454)	9,601,794
Contract liabilities	28,950,447	60,172,965	81,639,196
Net cash flows generated from operations	117,244,179	34,802,705	89,214,148
Interest received	8,850,641	12,837,740	23,051,543
Income taxes paid, including creditable withholding taxes	(15,111,762)	(3,403,170)	(5,211,990)
Net cash flows from operating activities	110,983,058	44,237,275	107,053,701
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Short-term investments (Note 5)	(187,677,472)	—	—
Financial assets in at FVTPL (Note 10)	(28,504,209)	—	—
Property and equipment (Note 11)	(1,473,064)	(1,150,398)	(5,920,922)
Dividends received (Note 9)	140,715	114,750	407,277
Payment of advances for agricultural projects (Note 12)	(1,857,492)	(1,115,262)	(91,125)
Net cash flows used in investing activities	(219,371,522)	(2,150,910)	(5,604,770)
(Forward)			



	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM A FINANCING ACTIVITY			
Proceeds from additional issuance of stock (Note 20)	₱—	₱—	₱622,500
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	370,518	(324,901)	(241,472)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(108,017,946)	41,761,464	101,829,959
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	599,223,662	557,462,198	455,632,239
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱491,205,716	₱599,223,662	₱557,462,198

See accompanying Notes to Consolidated Financial Statements.



SOCRESOURCES, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information, Status of Operations and Approval and Authorization for Issuance of the Consolidated Financial Statements

Corporate Information

SOCResources, Inc., (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 25, 1992. The Parent Company's shares of stock are publicly traded in the Philippine Stock Exchange (PSE). The Parent Company is currently registered primarily to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, in particular shares of stocks, voting trust certificates, bonds, debentures, notes, evidences of indebtedness of associations and corporations, domestic or foreign, without being a stockbroker or dealer, and to issue in exchange therefore shares of the capital stock, bonds, notes, or other obligations and/or assets of the Parent Company and while the owner thereof, to exercise all the rights, powers, and privileges of ownership, including the right to vote any shares of stock or voting trust certificates so owned, and to do every act and thing that may generally be performed by entities known as "holding companies".

The Parent Company has two subsidiaries – SOC Land Development Corporation (SOC Land) and SOCBlumoon, Inc. (SOCBlumoon).

SOC Land was incorporated in the Philippines and registered with the Philippine SEC on November 25, 2010.

SOCBlumoon was incorporated in the Philippines and registered with the Philippine SEC on November 19, 2020.

The registered office address of the Parent Company is 4th Floor Enzo Building, 399 Senator Gil Puyat Avenue, Makati City 1200.

Status of Operations

Real Estate Development

In 2011, SOC Land undertook its maiden project called "Anuva Residences" in Barangay Buli, Alabang, Muntinlupa City. The project involves the development of a 2.4 hectare parcel of land that will have four tandem buildings and an estimated investment cost of ₱5.0 billion to generate approximately ₱7.0 billion in sales over its production cycle. Initially targeted for completion within five years from launch, the production cycle of the project is extended and re-planned for completion by 2025.

On July 12, 2011, the groundbreaking ceremony for the first tower, Anala was held and the structural works was completed in 2014.

On September 2, 2011, SOC Land's Phase 1 project was duly registered with the Board of Investments (BOI) as a New Developer of Low - Cost Mass Housing on a Non-Pioneer Status under the Omnibus Investments Code of 1987 (Executive Order No. 226). With the registration, SOC Land was entitled to an Income Tax Holiday (ITH) for three years from October 2011 or actual start of commercial operations or selling, whichever is earlier, but in no case earlier than the date of registration. Under the specific terms and conditions of the registration, the SOC Land shall submit proof of compliance that it has developed socialized housing project and accomplished corporate social responsibility activities that were duly identified by BOI in conjunction with the entitlement of ITH. The compliance with the socialized housing requirement shall be completed within the ITH entitlement period of SOC Land.



On December 14, 2011, the Housing and Land Use Regulatory Board released the SOC Land's License to Sell for the Anala Tower with targeted completion date in 2015.

On August 14, 2013, SOC Land opted to surrender the original copy of the Certificate of Registration No. 2011-193 issued as New Developer of Low-Cost Mass Housing Project, which cancelled SOC Land's entitlement to an ITH for three years.

In 2014, SOC Land ventured into horizontal housing development through Althea Residences in Binan, Laguna with an initial offering of 214 commercial and residential lots and house and lot packages and covered by Housing and Land Use Regulatory Board (HLURB) License To Sell No. 029073 released on September 22, 2014. On the same year, the second tower of Anuva Residences, the Azalea Tower with 618 units of combined studio, 1-bedroom and 2-bedroom units was offered for sale and a License To Sell was issued by HLURB on July 31, 2015.

In 2018, a portion of Althea Residences was reconfigured from 17 commercial lots into 32 townhouse and lots units that offered a better return for SOC Land. Althea was also geared for expansion on the adjoining 2.2 hectare property offering an additional 132 residential lots and house and lot packages with the necessary permits and license.

As of the December 31, 2021, SOC Land is studying the feasibility of developing in other areas such as Baguio City, Manila City and Quezon City, among other places.

Approval and Authorization for Issuance of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 were approved and authorized for issue by the BOD on May 16, 2022.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis except for equity investments at fair value through other comprehensive income (FVTOCI) and financial assets at fair value through profit or loss (FVTPL) that have been measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company and Subsidiary's functional currency. All values are rounded off to the nearest peso, except when otherwise indicated.

The accompanying consolidated financial statements have been prepared under the going concern assumption. The Group believes that its real estate business would remain relevant despite challenges posed by the Corona Virus Disease (COVID 19) pandemic.

Statement of Compliance

The accompanying consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the following financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic:

Deferral of the provisions of Philippine Interpretations Committee (PIC) Question and Answer (Q&A) 2018-12, PFRS 15, Revenue from contracts with customers, Implementation Issues Affecting the Real Estate Industry

- a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04);



- b. Treatment of land in the determination of the percentage-of-completion (POC); and
- c. Application of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost).

Item b was already implemented by the Group prior to the issuance of the PIC Q&A 2018-12 and the Group continued its accounting treatment despite the deferral mentioned.

The financial statements also include the availment of relief under SEC MC No. 4-2020 to defer the adoption of *IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) until December 31, 2020.

In December 2020, the SEC issued MC No. 34-2020, allowing the further deferral of the adoption of provisions (a) and (b) above of *PIC Q&A 2018-12* and the IFRIC Agenda Decision on Borrowing Cost, for another other (three) 3 years or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the *Changes in Accounting Policy* section.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its wholly owned subsidiaries, SOC Land and SOCBluemoon. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control and continue to be consolidated until the date when such control ceases. The financial statements of the Subsidiary are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Subsidiaries are entities over which the Parent Company has control or generally has an interest of more than one half of the voting rights of the entities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent Company controls another entity. Control is achieved where the Parent Company has all of the following:

- a. power over the investee;
- b. exposure, or rights, to variable returns from its involvement with the investee; and
- c. the ability to use its power over the investee to affect the amount of investor's returns.

All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions that are recognized are eliminated in full.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new accounting pronouncements starting January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these pronouncements did not have any significant impact on the consolidated financial statements of the Group.



The Group adopted these amendments beginning January 1, 2021.

- *Adoption of PIC Q&A 2018-12-H, PFRS 15 - Accounting for Common Usage Service (CUSA) Charges*

On February 14, 2018, PIC Q&A 2018-12-H was issued providing guidance on accounting for common usage service which concludes that real estate developers are generally acting as principal for CUSA charges. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-12-H was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-12-H and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

As at January 1, 2021, the Group adopted PIC Q&A 2018-12-H retrospectively. For the condominium units, a separate condominium corporation collects and accounts for CUSA. For the house and lots, the Group accounts for any collections as a liability to the homeowners' association that is expected to be incorporated in 2022.

The adoption did not impact the consolidated statements of financial position and consolidated statements of cash flows.

- *Adoption of PIC Q&A 2018-14, Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)*

On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies should adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group as the Group's policy is already consistent with Approach 1 of the PIC Q&A 2018-14 (as amended by PIC Q&A 2020-05).

- *Amendment to PFRS 16, Leases, COVID-19-related Rent Concessions beyond June 30, 2021*

The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and



- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. This amendment does not have an impact to the consolidated financial statements as the Group does not have lease agreements that would necessitate recognition of right-of-use assets and lease liabilities.

- Amendments to PFRS 9, *Financial Instruments*, PAS 39, *Financial Instruments Recognition and Measurement*, PFRS 7, *Financial Instruments Disclosures*, PFRS 4, *Insurance Contracts* 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 Group shall also disclose information 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 Group adopted the amendments beginning January 1, 2021. The amendments have no significant impact to the Group.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Business Combinations, Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.



- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, *Provisions, Contingent Liabilities, Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *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*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

- Amendments to PFRS 9, *Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.



The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Income Taxes, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, *Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and



- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

Effective beginning on or after January 1, 2024

- Deferral of Certain Provisions of PIC Q&A 2018-12, *PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-04)*

On February 14, 2018, the PIC issued PIC Q&A No. 2018-12 which provides guidance on some implementation issues of PFRS 15 affecting the real estate industry. On October 25, 2018 and February 8, 2019, the Philippine SEC issued SEC Memorandum Circular No. 14, Series of 2018, and SEC Memorandum Circular No. 3, Series of 2019, respectively, providing relief to the real estate industry by deferring the application of the following provisions of the above PIC Q&A for a period of 3 years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC Memorandum Circular No. 34, Series of 2020, which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

A summary of the PIC Q&A provisions covered by the SEC deferral follows:

	Deferral Period
a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04 on determining whether the transaction price includes a significant financing component.
- PIC Q&A 2020-02 on determining which uninstalled materials should not be included in calculating the POC.

On July 8, 2021, the SEC issued SEC MC No. 8, series of 2021 amending the transition provision of the above PIC Q&A providing real estate companies the accounting policy option of applying either the full retrospective approach or modified retrospective approach. With this, real estate companies are finally able to fully comply with PFRS 15 and revert to full PFRS financial reporting for the calendar year 2021.

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC No. 8-2021.

The Group availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12-D (as amended by PIC Q&A 2020-04) in determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the



schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach is applied. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented (full retrospective approach), and the opening balance of retained earnings (full retrospective approach and modified retrospective approach). The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

- Deferment of Implementation of *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods* (IAS 23, *Borrowing Cost*) for the Real Estate Industry

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35(c) of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

On February 21, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full of the requirements of the IFRIC agenda decision.

For real estate companies that avail of the deferral, the SEC requires disclosure in the Notes to the Financial Statements of the accounting policies applied, a discussion of the deferral of the subject implementation issues, and a qualitative discussion of the impact in the financial statements had the IFRIC agenda decision been adopted.

The Group opted to avail of the relief as provided by the SEC. The adoption has no significant impact to the Group since the Group has no borrowings for which capitalization of interest may be applicable.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification



The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

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

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

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



The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to the December 31, 2021 consolidated financial statements. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

Summary of Accounting Policies

The significant accounting policies that have been used in the preparation of the consolidated financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on whether it is current and 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 12 months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 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 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and deferred tax liabilities are classified as noncurrent assets and liabilities, respectively.

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



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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of 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 of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level of 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 Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group 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

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.

a. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVTPL and FVTOCI.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15.

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

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



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 Group commits to purchase or sell the asset.

Subsequent measurement

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

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

As at December 31, 2021 and 2020, the Group does not have any financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments).

Financial assets at amortized cost (debt instruments)

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

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

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

The Group's financial assets at amortized cost includes cash and cash equivalents, short-term investments, receivables, excluding advances to agents, and refundable deposits presented under Prepayments and other current assets.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, 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 accounted for as financial assets at FVTPL unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value presented as "gain on debt instruments at FVTPL" (positive net changes in fair value) or "loss on debt instruments at FVTPL" (negative net changes in fair value) in profit or loss.

As of December 31, 2021, this category includes the Group's investments in unit investment trust fund (UITF). The fair value of the investment in UITF as of December 31, 2021 is based on the Net Asset Value per Unit (NAVPU) which reflect the current market prices of the instruments that make up the UITF (Level 2) (none as of December 31, 2020).



Financial assets designated at FVTOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVTOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* 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 in profit and loss when the right of payment has been established, except when the Group 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 FVTOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments and golf club shares under this category.

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 months or less from date of placements and that are subject to an insignificant risk of change in value.

Short-term Investments

Short-term investments include investments that the Group has made that is expected to be converted into cash within one year.

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 Group's balance sheet) when:

- the rights to receive cash flows from the asset have expired; or,
- the Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset 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 Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognized an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group 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 Group could be required to repay.

Modification of financial assets

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.



The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered “solely payment for principal and interest”

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in profit and loss.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. 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 ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' ECL. Both life time ECL and 12 months' ECL are calculated on either an individual basis or a collective basis, depending on the nature of the financial instruments.



For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risks investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the debt instruments has significantly increased in credit risk and estimate ECLs.

For receivables and contract assets, an impairment analysis is performed at each reporting date using vintage analysis to measure ECLs. The Group used the vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given installment contract receivable (ICR)/contract asset pool. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

In addition to life of loan loss data, primary drivers like macroeconomic indicators of qualitative factors to incorporate forward-looking data were added to the expected loss calculation to reach a forecast supported by both quantitative and qualitative data points.

The probability of default is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating loss given default, accounts are segmented based on facility/collateral type and completion. In calculating the recovery rates, the Group considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, association dues, refurbishment, payment required under *Maceda Law*, and cost to complete (for incomplete units).

For its other financial assets subject to ECL, the Group applies the general approach in calculating ECLs. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group determines probability of default and loss-given default based on available data, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations on time (i.e., when contractual payments are 90 days past due), or there is a breach of other contractual terms, such as covenants. In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, liabilities at amortized cost, 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 liabilities at amortized cost, net of directly attributable transaction costs.



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

Subsequent measurement

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

Liabilities at amortized cost

This is the category most relevant to the Group. After initial recognition, interest-bearing liabilities at amortized cost 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 profit or loss in the consolidated statement of comprehensive income.

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 profit or loss in the consolidated statement comprehensive income.

c. 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. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position. The Group has currently enforceable right when if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Real Estate Inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Acquisition cost of subdivision land;
- Amounts paid to contractors for construction and development of subdivision land, residential houses and lots and condominium units;
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs; and

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The carrying amount of inventories is reduced through the use of allowance account and the amount of loss is charged to profit or loss.



The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs. The total costs are allocated pro-rata based on the relative size of the property sold.

Reposessed Inventories

Reposessed inventories represent the acquisition costs of properties sold but subsequently reacquired by the Group due to buyer's default on payment of monthly amortization. These are measured at fair value at the time of repossession. Any resulting gain or loss arising from the difference between the fair value at the time of repossession and the remaining receivable due from the buyers is credited or charged to "Other income (charges) - net" in the consolidated profit or loss.

Prepayments

Prepayments are carried at cost and are amortized on a straight-line basis over the period of expected usage, which is equal to or less than 12 months.

Advances to Suppliers and Contractors

Advances to suppliers and contractors represent advance payments on services to be incurred in connection with the Group's operations. Advances to suppliers and contractors are recognized under "Prepayments and other current assets" account in the consolidated statements of financial position. These are charged to expense in profit or loss, or capitalized to real estate inventories in the consolidated statements of financial position, as appropriate, when the services are rendered, which is normally within 12 months.

Creditable Withholding Taxes (CWT)

CWTs are amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source, subject to the rules on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within 12 months are classified as current assets. Otherwise, these are classified as other noncurrent assets. CWTs are classified in the "Prepayments and other current assets" account in the consolidated statements of financial position.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Any excess which will be claimed as tax credits or recoverable from the taxation authority within twelve (12) months or within the normal operating cycle is presented as part of "Prepayments and other current assets" in the statements of financial position. Otherwise, these are classified as other noncurrent assets. Input VAT is stated at its estimated net realizable value. Output VAT payable to the taxation authority is included as part of "Accounts payable and other liabilities" account in the consolidated statements of financial position.

Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation and amortization and any impairment losses. Land is stated at cost less any accumulated impairment losses.

The initial cost of property and equipment comprises its purchase price including, import duties, nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such



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

Depreciation commences when an asset is in the location and condition capable of being operated in the manner intended by management. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets, except for leasehold improvements which are amortized on a straight-line basis over the term of the lease or the estimated lives of the improvements, whichever is shorter, as follows:

Asset Type	Number of years
Building	20
Office furniture and equipment	2-5
Transportation equipment	5
Leasehold improvements	2 or lease term, whichever is shorter

Depreciation ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date that the asset is derecognized.

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized. Fully depreciated items are retained as property and equipment until these are no longer in use.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses from continuing operations are recognized in profit or loss.

For nonfinancial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying



amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Retirement Benefits Cost

The Group has an unfunded, non-contributory, defined benefit retirement obligation.

The Group recognizes the net defined benefit liability or asset which is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit retirement plan is determined using the projected unit credit method.

Retirement benefits cost comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

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

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

Net interest on the net defined benefit liability or asset is recognized as an expense or income in profit or loss.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the consolidated statement in comprehensive loss in subsequent periods.

Common Stock and Additional Paid-in Capital

The Group has issued common stocks that are classified as equity. Common stock is measured at par value for all shares issued.

When the shares are sold at premium, the excess of the proceeds over the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.



Subscription receivable pertains to the uncollected portion of the subscribed shares. Subscription receivable is presented as deduction from equity if the subscription receivable is not expected to be collected within 12 months after reporting period. Otherwise, the subscription receivable is presented as current asset.

Retained Earnings

The amount included in retained earnings includes profit (loss) attributable to the Group's stockholders and reduced by dividends. Dividends are recognized as a liability and deducted from equity when they are approved by the Group's stockholders. Interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Appropriated retained earnings represent the portion which has been restricted, and therefore, not available for dividend declaration. Unappropriated retained earnings represent accumulated earnings which can be declared as dividends to stockholders.

Other Comprehensive Income (Loss) [OCI or OCL]

OCI comprises items of income and expenses, including reclassification adjustments, which are not recognized in profit or loss as required or permitted by other standards.

Treasury Stock

Own equity instruments which are reacquired (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference in the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury stock are nullified for the Group and no dividends are allocated to them respectively. When the stocks are retired, the common stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue Recognition

Revenue from Contract with Customers

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

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales

The Group derives its real estate revenue from sale of lots, house and lot, condominium units and parking lot. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials,



labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts form part of total project costs on a prospective basis and are allocated between costs of sales and real estate inventories.

Any excess of progress of work over the right to an amount of consideration is recognized as "installment contract receivables" (unconditional) or "contract assets" (conditional) in the asset section of the statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the consolidated statements of financial position.

Contract Balances

Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Selling and marketing expense" account in the consolidated profit or loss.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.



Contract fulfillment assets

Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets pertain to connection fees and land acquisition costs.

Amortization, derecognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract

The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that contract fulfillment asset or cost to obtain a contract may be impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgment is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, judgments are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Interest Income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available for sale, interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.



Cost and Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Cost of Real Estate Sales

The Group recognizes costs relating to satisfied performance obligations as these are incurred. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical staff.

The cost of real estate sales recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the POC used for revenue recognition purposes.

Any changes in estimated development costs used in the determination of the amount of revenue and cost are recognized in the profit or loss in the period in which the change is made.

General and Administrative Expenses

Expenses incurred in the general administration of day-to-day operation of the Group are generally recognized when the service is used or the expense arises.

Sales and Marketing Expenses

Expenses incurred in the direct selling and marketing activities are generally recognized when the service is incurred or the expense arises.

Research and Development Costs. Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- its intention to complete and its ability to use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use.

Other Income (Charges) - Net

Other income is recognized when there is an incidental economic benefit, other than the usual business operation, includes gain arising from forfeiture or cancellation of prior years' real estate sales, that will flow to the Group through an increase in asset or reduction in liability and that can be measured reliably.



Other charges are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability, other than those relating to distributions to equity participants, has arisen that can be measured reliably.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recoverable 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.

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability and is presented as "Income tax payable" account in the consolidated statement of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset and is presented as part of "Prepayments and other current assets" account in the consolidated statement of financial position.

Deferred Income Tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax liability is not recognized when it 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 or loss nor taxable profit or loss. However, deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in subsidiaries.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused MCIT and unused NOLCO can be utilized before their expiration, except:

- where the deferred 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 nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in subsidiaries, deferred 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.

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

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



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

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Basic/Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) for the year attributable to equity holders of the Group by the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends or stock splits, if any, declared during the year.

Diluted earnings (loss) per share is computed in the same manner, with the net income (loss) for the year attributable to equity holders of the Group and the weighted average number of common shares outstanding during the year, adjusted for the effect of all dilutive potential common shares.

Foreign Currency-denominated Transactions

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are restated using the rate of exchange at the reporting date. Foreign currency gains or losses are recognized in profit or loss.

Leases

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group's lease contracts qualify as a short-term leases.

Short-term leases and Low-value assets

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

Operating leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in the Group's profit or loss on a straight-line basis over the lease term. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized.

Provisions

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



Contingencies

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

Segment Reporting

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Events After the Reporting Date

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

3. Significant Accounting Judgments, Estimates and Assumptions

The consolidated financial statements prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the Philippine SEC, requires management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements and related notes. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Management has considered the potential impact of COVID-19 pandemic on the Group's significant accounting judgments and estimates and there are no changes to the significant judgements and estimates in the consolidated financial statements as at and for the year ended December 31, 2021 from those applied in previous financial years, other than for those disclosed under this section.

Judgments

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

Determination of Existence of an Enforceable Contract

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other relevant documents, would contain all the criteria to qualify as contract with the customer under PFRS 15.

Evaluation of the Probability that the Entity will Collect the Consideration from the Buyer

Part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of



consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Determination of the Revenue Recognition Method and Measure of Progress

The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use; and (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Identifying Performance Obligation

The Group has various contracts to sell covering (a) serviced lot, (b) serviced lot and house, (c) condominium unit and (d) parking lot. The Group concluded that there is one performance obligation in each of these contracts because, for serviced lot, the developer integrates the plots it sells with the associated infrastructure to be able to transfer the serviced land promised in the contract. For the contract covering service lot and house and condominium unit, the developer has the obligation to deliver the house or condominium unit duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan. Included also in this performance obligation is the Group's service to transfer the title of the real estate unit to the customer.

Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flow largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Certain properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately as of the financial reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.



Assessment of Impairment of Nonfinancial Assets

The Group assesses impairment on other current assets and property and equipment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. The estimated recoverable amount is computed using the asset's fair value less costs to sell or value-in-use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value-in-use is the present value of estimated future net cash inflows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements.

As of December 31, 2021 and 2020, there were no impairment indicators that would lead to impairment analysis.

Estimates and Assumptions

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

Revenue and Cost Recognition

The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue and cost from real estate sales recognized based on the percentage of completion is determined based on actual costs incurred to date over the estimated total costs to complete the project reconciled with the engineer's judgment and estimates on the physical portion of contract work done if the development is beyond the preliminary stage.

In measuring the progress of its performance obligation over time, the Group uses input method. Under this method, progress is measured based on actual costs incurred on materials, labor, and actual overhead relative to the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual costs incurred. The estimation of the total costs of the real estate project requires technical inputs by project engineers.

Real estate sales and cost of real estate sales amounted to ₱310.77 million and ₱174.48 million in 2021, ₱51.05 million and ₱28.24 million in 2020 and ₱112.58 million and ₱67.91 million in 2019, respectively (see Notes 7 and 22).



Estimation of the Provision for ECL

The Group uses a vintage analysis to calculate ECLs for trade receivables and contract assets. The Group used the vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given receivable/contract asset pool.

The vintage analysis is initially based on the Group's historical observed default rates. The Group calibrates the vintage to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 6.

For its other financial assets subject to ECL, the Group applies the general approach in calculating ECLs.

The Group recognized allowance for ECL amounting to ₱15.00 million in 2021 (nil in 2020). The carrying values of receivables as of December 31, 2021 and 2020 amounted to ₱24.77 million and ₱40.55 million, respectively (see Note 6). The carrying values of contract assets are ₱96.94 million and ₱66.01 million as of December 31, 2021 and 2020, respectively (see Note 22).

Measurement of Net Realizable Value of Real Estate Inventories

The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Real estate inventories at cost amounted to ₱1,014.77 million and ₱1,061.68 million as of December 31, 2021 and 2020, respectively. In 2021 and 2020, the Group assessed that the NRV of real estate inventories is higher than cost, hence the Group did not recognize any losses on write down of real estate inventories (see Note 7).

Estimation of Useful Lives of Property and Equipment, excluding Land

The Group estimates the useful lives of the significant parts of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the Group's estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.



There were no changes in the estimated useful life of property and equipment in 2021 and 2020. The carrying values of depreciable property and equipment amounted ₱17.42 million and ₱20.23 million as at December 31, 2021 and 2020, respectively (see Note 11).

Estimation of Retirement Benefits Liability and Expense

The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions include among others, discount rate and salary increase rate. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and liability in such future period. While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experience and assumptions may materially affect retirement benefits expense and liability. Retirement benefits costs charged to operations for the years ended December 31, 2021, 2020 and 2019 amounted to ₱0.78 million, ₱0.79 million, and ₱0.67 million, respectively. Retirement benefits liability amounted to ₱9.03 million and ₱6.62 million as of December 31, 2021 and 2020, respectively (see Note 17).

Recognition of Deferred Income Tax Assets

The Group reviews the carrying amounts of deferred income tax assets at each financial reporting date and reduces the amounts to the extent that they are no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized.

The Group recognized deferred income tax assets amounting to ₱19.16 million and ₱18.36 million as of December 31, 2021 and 2020, respectively (see Note 18).

4. Cash and Cash Equivalents

	2021	2020
Cash on hand	₱30,000	₱30,000
Cash in banks	60,636,723	52,513,679
Cash equivalents	430,538,993	546,679,983
	₱491,205,716	₱599,223,662

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. Interest income earned amounted to ₱2.55 million, ₱9.39 million and ₱18.85 million in 2021, 2020 and 2019, respectively.

5. Short-Term Investments

As of December 31, 2021, the Group has treasury bills amounting to ₱187.68 million which earn interest ranging from 1.29% to 1.47% and will mature in 2022. Interest earned from these investments amounted to ₱2.79 million in 2021.



6. Receivables

	2021	2020
Installment contract receivables (Note 22)	₱3,079,472	₱12,775,747
Advances to:		
Officers and employees	19,114,527	19,080,905
Agents	1,616,547	1,473,731
Due from a related party (Note 19)	270,903	256,445
Accrued interest	119,931	333,324
Other receivables	15,570,199	6,631,820
	39,771,579	40,551,972
Less provision for ECL (Note 14)	15,000,000	–
	₱24,771,579	₱40,551,972

- a. Installment contract receivables arises from sale of real estate and is collectible in monthly instalments over a period ranging from one to 10 years which bears monthly interest rates of 14.0% to 16.0% in 2021 and 2020 computed on the diminishing balance.

Interest income earned amounted to ₱3.29 million, ₱2.92 million and ₱4.28 million in 2021, 2020 and 2019, respectively.

- b. Advances to officers and employees are noninterest-bearing and will generally be settled through liquidation and salary deduction, respectively. These receivables will be settled within the next financial year. In 2021, the Group recognized provision for ECL amounting to ₱15.00 million (nil in 2020) (see Note 14).
- c. Other receivables consist mostly of receivables from Home Development Mutual Fund (HDMF), and unit owners for electricity and other utilities.

7. Real Estate Inventories

	2021	2020
Condominium and residential units	₱428,869,754	₱559,091,328
Subdivision projects for development	444,942,850	362,152,410
Lot inventory	140,957,216	140,439,401
	₱1,014,769,820	₱1,061,683,139

A summary of the movement in real estate inventories is set out below:

	2021	2020
Balances at beginning of year	₱1,061,683,139	₱1,058,274,302
Development costs incurred	136,560,140	29,177,454
Disposals recognized as cost of real estate sales	(186,896,963)	(29,878,217)
Reposessed inventories	3,423,504	4,109,600
Balances at end of year	₱1,014,769,820	₱1,061,683,139



8. Prepayments and Other Current Assets

	2021	2020
Input VAT - net of noncurrent portion	₱29,187,183	₱37,493,355
Creditable withholding taxes	15,201,855	17,452,394
Refundable deposits (Note 26)	3,413,881	3,273,166
Advances to suppliers and contractors	68,348	46,180
Others	121,929	132,750
	₱47,993,196	₱58,397,845

Refundable deposits are composed of security deposits related to the Group's lease agreement and utility deposits to Manila Electric Corporation.

Advances to suppliers and contractors are payments made to suppliers as contracts with them generally require advance payment. The amount will be applied as part of the full payment of the contracted price.

9. Equity Investments at FVTOCI

	2021	2020
Golf club shares	₱44,350,000	₱34,250,000
Listed equity investments	11,203,235	9,624,723
	₱55,553,235	₱43,874,723

As of December 31, 2021 and 2020, the Group's equity investments at FVTOCI pertain to investments in golf club shares and shares of stock of various publicly-listed companies.

The fair values of the shares of stock are based on the quoted market price that is readily and regularly available in the Philippine Stock Exchange.

The fair value of quoted club share is determined by reference to published price quotation.

Dividend income earned from equity investments amounted to ₱0.14 million, ₱0.12 million and ₱0.39 million in 2021, 2020 and 2019, respectively.

The rollforward of net changes in fair value of equity investments at FVTOCI are as follows:

	2021	2020
Balance at beginning of year	₱13,377,801	₱12,561,536
Fair value adjustments	10,157,553	816,265
Balances at end of year	₱23,535,354	₱13,377,801



10. Financial Assets at FVTPL

This account pertains to investment in UITF from China Banking Corporation (CBC), classified and measured as financial assets at FVTPL. The movement of the carrying amounts of financial assets at FVTPL for the year ended December 31, 2021 follows:

Balance at beginning of year	P—
Additions	28,504,209
Fair value adjustments	246,990
Balances at end of year	P28,751,199

The fair value adjustments were recognized in the consolidated statements of comprehensive income.

11. Property and Equipment

December 31, 2021

	Land	Building	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	P16,336,217	P20,377,418	P18,474,072	P16,251,840	P5,718,202	P77,157,749
Additions	—	—	1,473,064	—	—	1,473,064
Balances at end of year	16,336,217	20,377,418	19,947,136	16,251,840	5,718,202	78,630,813
Accumulated depreciation and amortization						
Balances at beginning of year	—	8,344,368	11,348,883	15,180,523	5,718,202	40,591,976
Depreciation and amortization (Notes 14 and 15)	—	1,063,116	2,724,323	494,570	—	4,282,009
Balances at end of year	—	9,407,484	14,073,206	15,675,093	5,718,202	44,873,985
Net book values	P16,336,217	P10,969,934	P5,873,930	P576,747	P—	P33,756,828

December 31, 2020

	Land	Building	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	P16,336,217	P20,377,418	P17,323,674	P16,251,840	P5,718,202	P76,007,351
Additions	—	—	1,150,398	—	—	1,150,398
Balances at end of year	16,336,217	20,377,418	18,474,072	16,251,840	5,718,202	77,157,749
Accumulated depreciation and amortization						
Balances at beginning of year	—	7,281,253	10,564,273	14,673,471	5,527,464	38,046,461
Depreciation and amortization (Notes 14 and 15)	—	1,063,115	784,610	507,052	190,738	2,545,515
Balances at end of year	—	8,344,368	11,348,883	15,180,523	5,718,202	40,591,976
Net book values	P16,336,217	P12,033,050	P7,125,189	P1,071,317	P—	P36,565,773

As of December 31, 2021 and 2020, the cost of fully depreciated property and equipment amounted to P24.29 million and P23.40 million, respectively. These are retained in the records and still used by the Group until these are disposed or the Group vacates the leased premises.



12. Other Noncurrent Assets

	2021	2020
Deferred input VAT	₱5,426,947	₱4,508,882
Advances for agricultural projects	3,075,254	1,217,762
	₱8,502,201	₱5,726,644

13. Accounts Payable and Other Liabilities

	2021	2020
Accrued contractors' payables	₱35,891,644	₱36,442,493
Trade payables	15,679,953	14,005,616
Accrued expenses	15,842,149	3,764,864
Retention payables (Note 26)	2,996,364	1,262,334
Government payables	942,085	644,988
	₱71,352,195	₱56,120,295

- a. Accrued contractors' payables represent accruals for billings of various contractors in relation to the Anuva and Althea Project. These accruals are reclassified to accounts payable once billings are actually received.
- b. Accounts payable includes billings of various suppliers and contractors for liabilities incurred in relation to the project and office administrative functions. Accounts payable are noninterest-bearing with payment terms which are dependent on the suppliers' or contractors' credit terms, which is generally 30 to 60 days.
- c. Accrued payables are liabilities incurred but not yet billed by the suppliers.
- d. Retention payables represent the amount retained by the Group as security for any defects and damages on the construction of Anala arising from or due to faulty workmanship and/or defective contractor-supplied materials before the final acceptance of the Anala and the payment of the last billing. Retention payable is expected to be settled within the next financial year.
- e. Government payables consist of mandatory contributions and payments to the Social Security System, Philippine Health Insurance Corporation, and the Home Development Mutual Fund, withholding tax payables and are remitted the month following the month of withholding.

14. General and Administrative Expenses

	2021	2020	2019
Personnel costs	₱20,588,197	₱18,127,970	₱21,285,540
Provision for ECL (Note 6)	15,000,000	—	—
Travel and transportation	5,223,042	5,324,807	6,932,529
Professional fees	4,506,868	3,584,315	3,457,550
Depreciation and amortization (Note 11)	4,167,731	2,374,098	3,767,906
Short-term lease (Note 26)	2,678,728	2,573,767	2,343,169
Outside services	2,260,155	2,208,215	2,129,431

(Forward)



	2021	2020	2019
Taxes and licenses	₱1,154,394	₱2,465,172	₱3,436,845
Property management expense	1,208,081	1,169,199	3,468,033
Dues and subscription	1,001,920	962,758	938,764
Telecommunications and postage	895,289	1,012,940	1,125,538
Exploration cost	633,512	79,680	1,127,290
Supplies	612,139	584,501	699,083
Repairs and maintenance	513,749	914,218	933,091
Utilities	344,409	519,718	530,623
Research and development expenses	308,085	686,178	3,435,115
Entertainment and representation	129,657	51,793	195,002
Insurance	90,554	105,124	56,061
Trainings and seminars	49,185	27,087	188,343
Others	1,922,148	1,535,002	2,075,372
	₱63,287,843	₱44,306,542	₱58,125,285

Others include bank charges and other miscellaneous costs.

Personnel costs consist of:

	2021	2020	2019
Salaries and wages	₱17,236,759	₱15,019,496	₱18,541,831
Short term employee benefits	2,570,013	2,318,404	2,070,526
Retirement benefits cost (Note 17)	781,425	790,070	673,183
	₱20,588,197	₱18,127,970	₱21,285,540

15. Sales and Marketing Expenses

	2021	2020	2019
Commissions and incentives	₱19,019,526	₱3,691,984	₱6,158,776
Consultancy fees	1,582,764	1,489,286	2,475,152
Advertising	1,366,504	703,360	978,721
Product presentation	465,450	238,213	2,802,579
Utilities	242,558	261,262	579,224
Travel and transportation	174,907	91,434	148,598
Telecommunications and postage	118,699	—	7,674
Depreciation and amortization (Note 11)	114,278	171,417	171,417
Others	135,891	20,325	107,334
	₱23,220,577	₱6,667,281	₱13,429,475

Others include expenses from meetings, janitorial fees and other expenses directly attributable to sales and marketing.



16. Other Income (Charges) - net

	2021	2020	2019
Input VAT on exempt sales	(P10,756,936)	(P3,332,531)	(P4,677,452)
Forfeited buyer deposits	10,336,197	10,894,562	7,811,274
Penalty income and late payment charges	1,737,335	1,249,078	613,748
Gain on repossessions	702,504	1,277,600	464,520
Others - net	(10,177,897)	(653,708)	(3,480,839)
	(P8,158,797)	P9,435,001	P731,251

- Gain (loss) on repossession represents the difference between the fair value of the repossessed inventories and the carrying value of the ICR/contract asset and any amount refundable to the buyer at the date of repossession. This includes the difference between the fair value and original cost of the repossessed inventories upon subsequent resale.
- Forfeited buyer deposits are recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. These pertain to deposits that did not reach the collection threshold.
- Penalties are additional fees imposed on customers due to their failure to make payments on time.
- Other charges included within "Others - net" mainly pertain deficiency taxes paid and costs related to the incorporation of SOCBlumoon.

17. Retirement Benefit Obligation

The Group has an unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. RA No. 7641 ("Retirement Pay Law"), an act amending article 287 of Presidential Decree No. 442 ("Labor Code of the Philippines"), requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The latest actuarial valuation report is as at December 31, 2021.

Retirement benefits cost recognized in the consolidated statements of comprehensive income are as follows:

	2021	2020	2019
Current service cost	P558,154	P527,133	P344,914
Interest cost	223,271	262,937	328,269
	P781,425	P790,070	P673,183

Amounts recognized in other comprehensive income pertaining to remeasurement losses amounted to P1,628,996, P46,323 and P827,679 in 2021, 2020 and 2019, respectively.



Movement in the actuarial gains (losses) on defined benefit plan is as follows (net of deferred income tax recognized):

	2021	2020	2019
Balances at beginning of year	₱465,064	₱475,698	₱1,229,821
Actuarial losses during the year	(1,736,821)	(10,634)	(754,123)
Balances at end of year	(₱1,271,757)	₱465,064	₱475,698

Changes in the present value of the retirement benefit obligation are as follows:

	2021	2020
Beginning balances	₱6,618,727	₱5,782,334
Current service cost	558,154	527,133
Interest cost	223,271	262,937
Actuarial loss (gain) due to:		
Experience adjustments	1,970,305	(280,527)
Change in assumptions	(341,309)	326,850
Ending balances	₱9,029,148	₱6,618,727

The principal assumptions as of used to determine retirement benefit obligations for the plan as at January 1 are shown below:

	2021	2020
Discount rate	3.30%-3.68%	4.50%-4.84%
Future salary increase	3.00%-5.00%	3.00%-5.00%

The discount rate and projected salary increase rate as of December 31, 2021 ranged between 3.80%-5.08% and 3.00%-5.00%, respectively.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation, assuming all other assumptions were held constant:

December 31, 2021:

	Increase (decrease) in basis points (bps)	Effect on retirement benefit obligation
Discount rate	100 bps	(₱321,944)
	(100 bps)	372,815
Future salary increase rate	100 bps	70,533
	(100 bps)	(17,677)

December 31, 2020:

	Increase (decrease) in basis points (bps)	Effect on retirement benefit obligation
Discount rate	100 bps	(₱285,851)
	(100 bps)	335,976
Future salary increase rate	100 bps	336,999
	(100 bps)	(291,862)



The estimated weighted average duration of benefit payment range between 4.7-15.97 years and 5.2-15.91 years as of December 31, 2021 and 2020, respectively.

Shown below is the maturity profile of the undiscounted benefit payments:

	2021	2020
Less than one year	₱7,627,411	₱5,275,792
More than one year to 10 years	1,676,409	1,656,989
More than 10 years to 30 years	13,638,757	10,727,346

18. Income Taxes

- The Parent Company has no provision for current income tax in 2021, 2020 and 2019. The Subsidiary's current provision for income tax represents RCIT in 2021, 2020 and 2019.
- Major components of provision for (benefit from) income tax expense for the respective years are:

	2021	2020	2019
For the current financial year:			
Current income tax	₱18,190,810	₱9,942,115	₱8,579,821
Effect of change in tax rate - current	(828,509)	—	—
	17,362,301	9,942,115	8,579,821
Deferred income tax	(3,991,068)	(10,262,293)	(9,029,403)
Effect of change in tax rate - deferred	1,957,155	—	—
	(2,033,913)	(10,262,293)	(9,029,403)
Provision for (benefit from) income tax	₱15,328,388	(₱320,178)	(₱449,582)

The reconciliation of provision for (benefit from) income tax computed at the statutory income tax rate to provision for (benefit from) income tax shown in the consolidated statements of comprehensive income follows:

	2021	2020	2019
Provision for (benefit from) income tax computed at statutory tax rate 25% in 2021 and 30% both in 2020 and 2019	₱10,371,032	(₱2,477,347)	(₱861,066)
Additions to (reductions in) income tax resulting from:			
Nondeductible expenses	2,721,682	2,028,185	1,836,762
Movements in deductible temporary differences, NOLCO and excess MCIT over RCIT for which no deferred income tax assets were recognized	2,478,908	2,984,453	4,118,162
Interest income subjected to final tax	(1,336,701)	(2,818,002)	(5,655,910)
Nontaxable dividend income	(35,179)	(37,467)	(115,886)

(Forward)



	2021	2020	2019
Change in tax rate as a result of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act			
Current	(P828,509)	P—	P—
Deferred	1,957,155	—	—
Current tax of prior periods	—	—	228,356
Provision for (benefit from) income tax	P15,328,388	(P320,178)	(P449,582)

The components of the Group net deferred income tax assets (liabilities) are as follows:

	2021	2020
Deferred income taxes recognized in profit or loss		
Deferred income tax assets:		
Difference between tax and book basis of accounting for real estate transactions	P15,146,136	P17,791,634
Allowance for ECL	3,750,000	—
Retirement benefit obligation	634,075	569,891
	19,530,211	18,361,525
Deferred income tax liabilities:		
Gain on repossession	(5,379,895)	(6,245,123)
	14,150,315	12,116,402
Deferred income tax liabilities recognized in other comprehensive income:		
Fair value changes of equity investments at FVTOCI	(4,869,710)	(3,348,750)
Actuarial gains on defined benefit plan	(294,562)	(186,737)
	(5,164,272)	(3,535,487)
	P8,986,044	P8,580,915

- c. The Group's deductible temporary differences, carryforward benefits of NOLCO for which no deferred income tax assets were recognized consists of the following:

	2021		2020	
	Gross Amount	Tax Effect	Gross Amount	Tax Effect
NOLCO	P31,843,943	P7,960,986	P35,037,605	P10,511,282
Retirement benefits obligation	7,671,097	1,917,774	5,341,547	1,602,464
Unrealized foreign exchange loss	195,855	48,964	566,373	169,912
	P39,710,895	P9,927,724	P40,945,525	P12,283,658

- d. On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.



As of December 31, 2021, the Group has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Balance as of December 31, 2020	Addition	Expiration	Utilization	Balance as of December 31, 2021	Tax effect	Available Until
2018	₱12,839,075	₱—	₱12,839,075	₱—	₱—	₱—	2021
2019	13,010,731	—	—	—	13,010,731	3,252,683	2022
	₱25,849,806	₱—	₱12,839,075	₱—	₱13,010,731	₱3,252,683	

As of December 31, 2021, the Group has incurred NOLCO after taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover as One Act, as follows:

Year Incurred	Balance as of December 31, 2020	Addition	Expiration	Utilization	Balance as of December 31, 2021	Tax effect	Available Until
2020	₱9,187,799	₱—	₱—	₱—	₱9,187,799	₱2,296,950	2025
2021	—	9,645,413	—	—	9,645,413	2,411,353	2026
	₱9,187,799	₱9,645,413	₱—	₱—	₱18,833,212	₱4,708,303	

e. Corporate Recovery and Tax Incentives for Enterprises Act

On March 26, 2021, the President of the Philippines signed into law Republic Act No. 11534, or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which took effect on April 11, 2021. The CREATE Act introduces reforms to the corporate income tax and incentive systems by implementing changes to the current tax regulations. Some of these changes, which became effective beginning July 1, 2020, are as follows:

- Reduction in the RCIT from 30% to 25% for all other corporations;
- Reduction in the MCIT rate from 2% to 1% of gross income for 3 years or until June 30, 2023; and
- Repeal of the imposition of 10% improperly accumulated earnings tax (IAET).

19. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form. The Group has approval process and established limits when entering into material related party transactions.



In the normal course of business, the Group has significant related party transactions as follows:

	Amount/volume		Outstanding balance		Terms	Conditions
	2021	2020	2021	2020		
<i>Entity under common control</i>						
South China Petroleum International (SCPI)						
Due from a related party	₱14,458	₱13,058	₱270,903	₱256,445	Due and demandable	Non-interest bearing; Unsecured; Settled in cash; No impairment
<i>Due from officers and directors (included as part of "Advances to officers and employees" under Receivables)</i>	-	-	-	15,000,000	Due and demandable	Non-interest bearing; Unsecured; Settled through liquidation; Impaired

SCPI is a corporation established to prospect for, explore, extract, dig and drill for, exploit, produce, purchase, or otherwise obtain from the earth, any and all kinds of petroleum and petroleum products, rocks or carbon oils, natural gas and other volatile materials, chemical substance and salts, precious and base metals, diatomaceous earth as well as other minerals of whatever nature whether similar or dissimilar to those listed herein, and to manufacture, refine, prepare for market, buy, sell, import, export and transport and otherwise deal in petroleum and other minerals of whatever nature, whether similar or dissimilar thereto, their products, compounds and derivatives and other mineral and chemical substances in crude or refined condition, and to generally engage, as may be permitted by law, in the business of, and/or investing in mining, manufacturing, contracting and servicing, in addition to oil exploration. Receivable from SCPI pertains to the amount paid for SCPI's business permit and registration.

In 2021, the Group recognized provision for ECL on due from officers and directors amounting to ₱15.00 million (nil in 2020 and 2019) (see Note 6).

Compensation of key management personnel is as follows:

	2021	2020	2019
Salaries and short-term benefits	₱9,289,018	₱7,707,207	₱10,413,222
Retirement benefits	333,211	185,379	155,212
	₱9,622,229	₱7,892,586	₱10,568,434

No other employee benefits were incurred for key management personnel.



20. Equity

a. Common Stock

The Parent Company's authorized, issued and outstanding common shares as of December 31, 2021 and 2020 are as follows:

	No. of Shares	Amount
<i>Authorized - ₱1 par value</i>	1,000,000,000	₱1,000,000,000
Issued	601,389,569	₱601,389,569
Subscribed*	305,170,000	305,170,000
Treasury - at cost	(4,639,000)	(4,961,650)
Total issued and outstanding	901,920,569	₱901,597,919

*Includes subscription receivable amounting to ₱228.88 million as of December 31, 2021 and 2020.

Track Record

The Parent Company was registered on September 25, 1992 with authorized capital stock amounting to ₱1.0 billion composed of one billion shares with par value ₱1.0 per share.

The Parent Company has 358 shareholders as at December 31, 2021 and 2020.

b. Retained Earnings

On December 8, 2016, the BOD approved a resolution earmarking ₱600.0 million and ₱145.0 million of the Parent Company's retained earnings for purposes of funding its investments related to SOC Land's Althea and Azalea projects with a target completion in 2024 and the Parent Company's agricultural projects from 2020 to 2025, respectively.

The Group's retained earnings account includes a restricted amount to the extent of the cost of shares held in treasury amounting to ₱4.96 million as at December 31, 2021 and 2020, and accumulated deficit of the Parent Company's subsidiaries amounting to ₱145.78 million and ₱171.38 million as at December 31, 2021 and 2020, respectively, which are not available for dividend declaration as the subsidiaries are still in a deficit position after considering reconciling items to arrive at retained earnings available for dividend declaration. Retained earnings is further restricted for the payment of dividends to the extent of deferred income tax assets recognized that reduced the income tax expense, increased net income and decreased deficit as of December 31, 2021 and 2020.

21. Basic/Diluted Earnings (Loss) Per Share

	2021	2020	2019
Net income (loss)	₱23,277,853	(₱7,937,646)	(₱2,420,641)
Weighted average number of shares	901,920,569	901,920,569	901,920,569
Basic/Diluted Earnings (Loss) per Share	₱0.0258	(₱0.0088)	(₱0.0027)

There are no dilutive potential common shares outstanding as of December 31, 2021, 2020 and 2019.



22. Revenue from Contracts with Customers

a. Disaggregated Revenue Information

The Group derives its real estate revenue from sale of lots, house and lot, condominiums and parking space.

The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

Segments	For the year ended December 31		
	2021	2020	2019
Type of goods			
Sale of lot and house and lot	₱79,643,450	₱25,046,083	₱73,665,505
Sale of condominium unit	196,072,000	15,147,486	33,341,625
Sale of parking lot	5,700,000	3,100,000	5,575,000
Sale of townhouse	29,359,500	7,753,186	—
Total	₱310,774,950	₱51,046,755	₱112,582,130
Timing of revenue recognition			
Goods transferred over time	₱310,774,950	₱51,046,755	₱112,582,130

b. Contract balances

The Group's contract balances as at December 31, 2021 and 2020 are as follows:

	2021	2020
Installment contract receivables (Note 6)	₱3,079,472	₱12,775,747
Contract assets	52,943,906	29,951,071
Contract liabilities	268,605,077	239,654,630

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Breakdown as to current and noncurrent portion of the amount recorded under "Contract assets" account as of December 31, 2021 and 2020 are as follows:

	2021	2020
Contract assets - current	₱34,471,812	₱11,531,823
Contract assets - noncurrent	18,472,094	18,419,248
	₱52,943,906	₱29,951,071

Contract liabilities

	2021	2020
Contract liabilities - current	₱99,737,979	₱130,089,749
Contract liabilities - noncurrent	168,867,098	109,564,881
	₱268,605,077	₱239,654,630



The increase in the Group's contract assets is attributable to more sales in 2021. The increase in the Group's contract liabilities is attributable to the continued deposits of existing customers who have not yet reached the Group's revenue recognition policy on the buyer's initial payments in relation to the total contract price, as well as new customers in 2021.

The Group recognized additional ₱159.04 million worth of contract liabilities in 2021 (₱189.27 million in 2020). As at December 31, 2021, contract liabilities amounting to ₱99.74 million are expected to be recognized as revenue in the following year. Contract liabilities as of December 31, 2020, 2019 and 2018 amounting to ₱130.09 million, ₱129.10 million, and ₱81.78 million, were recognized as revenue in 2021, 2020 and 2019 respectively.

c. Performance obligations (PO)

The following are the PO of the Group:

(a) *House and lot*

For sale of house and lot, house and lot are separately identifiable promises but are expected to be combined as one performance obligation since these are not distinct within the context of the contract. The obligation to deliver the house duly constructed in a specific lot is fully integrated in the lot in accordance with the approved plan. If sale occurs upon completion, the Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the house and lot. If sale occurs prior to completion, the Group expects the revenue recognition to occur over time when satisfying the criterion of which the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(b) *Lot*

The developer performs significant activities of land development in accordance with the approved subdivision plan. This includes, but is not limited to, provision of drainage, sewerage, water and electricity system which integrates the common areas and saleable lots. These development activities, however, are not distinct promises but rather necessary and required inputs relative to the developer's promise to deliver the residential lot.

(c) *Condominium*

For contracts covering condominium units, the developer has the obligation to deliver the condominium unit duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan. The sale of real estate unit covers condominium unit and the Company concluded that there is one performance obligation in each of the contracts.

d. Costs to obtain contracts

The balances below pertain to the cost to obtain contracts as of December 31, 2021 and 2020 as presented in the statements of financial position:

	2021	2020
Balances at beginning of year	₱36,063,509	₱22,319,161
Additions	21,516,330	16,696,534
Amortization	(13,580,429)	(2,952,186)
Balances at end of year	43,999,410	36,063,509
Less non-current portion	27,068,960	13,942,993
Current portion	₱16,930,450	₱22,120,516



23. Financial Instruments

Financial Risk Management Objectives and Policies

The Group has various financial assets and liabilities such as cash and cash equivalents, short term investments, receivables, refundable deposits, financial assets at FVTPL, equity investments at FVTOCI and accounts payable and other liabilities (excluding statutory liabilities). The main purpose of the Group's financial instruments is to finance its operations. The Group has other financial instruments such as accounts payable and other liabilities which arise directly from its operations.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and manage the Group's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has exposure to credit risk, liquidity risk, equity price risk and foreign exchange risk from the use of its financial instruments. The BOD reviews and approves the policies for managing each of these risks.

Credit Risk

Credit risk arises when a customer or counterparty fails to discharge an obligation and cause the Group to incur a financial loss.

The Group trades only with recognized, creditworthy third parties. Customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. In the real estate industry, title to the property is transferred only upon full payment of the purchase price. There is also a provision in the sales contract which allows forfeiture of installments/deposits made by the customer in favor of the Group. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments.

The maximum exposure to credit risk for financial assets, which is composed of cash and cash equivalents, short-term investments, receivables, excluding advances to agents (reduced by the expected fair value of the repossessed collaterals), and refundable deposits, is equivalent to the carrying amount of these financial assets in the consolidated statement of financial position. Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

With respect to credit risk arising from financial assets, the Group's exposure to credit risk arises from default of the counterparties, with a maximum exposure as of December 31, 2021 and 2020 equal to the carrying value of the instruments reduced by the expected fair value of the repossessed collaterals upon default. Receivables from sale of real estate have minimal credit risk and are effectively collateralized by the respective units sold since the title to the real estate properties are not transferred to the buyers until full payment is made. Consequently, an impairment analysis is performed at each reporting date using a vintage analysis to measure ECL. The mechanics of the ECL calculations and the key elements are, as follows:

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



For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risks investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the debt instruments has significantly increased in credit risk and estimate ECLs.

For receivables and contract assets, an impairment analysis is performed at each reporting date using vintage analysis to measure ECLs. The Group used the vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given ICR/contract asset pool. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Based on the Group's credit risk experience, expected credit loss rate increases as the age of the receivables increase.

The Group evaluated the credit quality of the ICR/contract assets pool through a ratio of default occurrences of each month for the past 5 years to the number of receivable issuances during each year.

The following tables below summarize the credit quality of the Group's financial assets (gross of allowance for impairment losses) as at December 31:

	2021						Total
	Current			Past Due			
	Minimal Risk	Average Risk	High Risk	1-90 Days	More than 90 days	Credit Impaired	
Financial assets							
Cash and cash equivalents*	₱491,175,716	₱—	₱—	₱—	₱—	₱—	₱491,175,716
Short-term investments	187,677,472	—	—	—	—	—	187,677,472
Receivables							
Installment contract receivables	—	—	—	2,658,016	421,456	—	3,079,472
Accrued interest	119,931	—	—	—	—	—	119,931
Due from a related party	270,903	—	—	—	—	—	270,903
Other receivables	15,570,199	—	—	—	—	—	15,570,199
Refundable deposits	3,413,881	—	—	—	—	—	3,413,881
Contract assets	52,943,906	—	—	—	—	—	52,943,906
	₱751,172,008	₱—	₱—	₱2,658,016	₱421,456	₱15,000,000	₱754,251,480

*Excludes cash on hand.

	2020						Total
	Current			Past Due			
	Minimal Risk	Average Risk	High Risk	1-90 Days	More than 90 days	Credit Impaired	
Financial assets							
Cash and cash equivalents*	₱599,193,662	₱—	₱—	₱—	₱—	₱—	₱599,193,662
Receivables							
Installment contract receivables	—	—	—	3,443,785	9,331,962	—	12,775,747
Accrued interest	333,324	—	—	—	—	—	333,324
Due from a related party	256,445	—	—	—	—	—	256,445
Other receivables	6,631,820	—	—	—	—	—	6,631,820
Refundable deposits	3,273,166	—	—	—	—	—	3,273,166
Contract assets	29,951,071	—	—	—	—	—	29,951,071
	₱639,639,488	₱15,000,000	₱—	₱3,443,785	₱9,331,962	₱—	₱652,415,235

*Excludes cash on hand.



The Group classifies credit quality risk as follows:

Minimal risk - accounts with a high degree of certainty in collection, where counterparties have consistently displayed prompt settlement practices, and have little to no instance of defaults or discrepancies in payment.

Average risk - active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues, but where the likelihood of collection is still moderate to high as the counterparties are generally responsive to credit actions initiated by the Group.

High risk - accounts with low probability of collection and can be considered impaired based on historical experience, where counterparties exhibit a recurring tendency to default despite constant reminder and communication, or even extended payment terms.

The analysis resulted to low PD rates as the Group experienced minimal default occurrences in the past. In addition, the Group expects to recover the defaulted accounts through subsequent disposal of repossessed inventories at an amount higher than the contractual cash flows due and defaulted.

No provision for credit losses in 2021 and 2020 using the ECL model has been recorded except for the provision for ECL for the advances to employees amounting to ₱15.00 million in 2021 (see Note 6).

The following tables summarize the staging considerations of the Group's financial assets and contract assets as at December 31:

	2021				Total
	12-Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Vintage Analysis	
Financial Assets at Amortized Cost					
Cash in banks and cash equivalents*	₱491,175,716	₱-	₱-	₱-	₱491,175,716
Short-term investments	187,677,472	-	-	-	187,677,472
Installment contract receivables	-	-	-	3,079,472	3,079,472
Accrued interest	119,931	-	-	-	119,931
Due from a related party	270,903	-	-	-	270,903
Other receivables	15,570,199	-	-	-	15,570,199
Refundable deposits	3,413,881	-	-	-	3,413,881
Contract assets	-	-	-	52,943,906	52,943,906
	₱698,228,102	₱-	₱-	₱56,023,378	₱754,251,480

*Excludes cash on hand.

	2020				Total
	12-Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Vintage Analysis	
Amortized Cost					
Cash in banks and cash equivalents*	₱599,193,662	₱-	₱-	₱-	₱599,193,662
Installment contract receivables	-	-	-	12,775,747	12,775,747
Accrued interest	333,324	-	-	-	333,324
Due from a related party	256,445	-	-	-	256,445
Other receivables	6,631,820	-	-	-	6,631,820
Refundable deposits	3,273,166	-	-	-	3,273,166
Contract assets	-	-	-	29,951,071	29,951,071
	₱609,688,417	₱-	₱-	₱42,726,818	₱652,415,235

*Excludes cash on hand.



Set out below is the information about credit risk exposure on the Group's financial assets using a vintage analysis:

December 31, 2021

	Days Past Due					Total Installment Contract Receivables And Contract Assets and ECL
	Current	0-30 Days	31-60 Days	61-90 Days	Over 90 Days	
Estimated total gross carrying amount at default	₱52,943,906	₱323,710	₱319,641	₱263,927	₱2,172,193	₱56,023,377
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected credit loss	₱-	₱-	₱-	₱-	₱-	₱-

December 31, 2020

	Days Past Due					Total Installment Contract Receivables and Contract Assets and ECL
	Current	0-30 Days	31-60 Days	61-90 Days	Over 90 Days	
Estimated total gross carrying amount at default	₱29,951,071	₱440,093	₱831,678	₱2,172,014	₱9,331,962	₱42,726,818
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected credit loss	₱-	₱-	₱-	₱-	₱-	₱-

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. Management is responsible for liquidity, funding as well as settlement management. In addition, liquidity and funding risks, related processes and policies are overseen by management. The Group manages its liquidity risk based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility.

The following tables summarize the maturity profile of the Group's financial assets and contract assets used for liquidity purposes based on contractual undiscounted cash flows, and the Group's financial liabilities based on contractual undiscounted payments.

December 31, 2021

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	₱60,666,723	₱430,538,993	₱-	₱-	₱491,205,716
Short-term investments	-	57,908,152	129,769,320	-	187,677,472
Receivables*	5,120,770	4,638,130	6,168,487	7,227,645	23,155,032
Refundable deposits	3,413,881	-	-	-	3,413,881
Contract assets	-	-	34,471,812	18,472,094	52,943,906
	69,201,374	493,085,275	170,409,619	25,699,739	758,396,007
Financial Liabilities					
Liabilities at amortized cost:					
Accounts payable and other liabilities**	(41,861,596)	(36,499,040)	(2,996,364)	-	(81,357,000)
Liquidity position	₱27,339,778	₱456,586,235	₱167,413,255	₱25,699,739	₱677,039,007

*Excluding advances to agents

**Excluding government payables



December 31, 2020

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	P52,543,679	P546,679,983	P—	P—	P599,223,662
Receivables*	34,953,091	37,424	—	4,087,726	39,078,241
Refundable deposits	3,273,166	—	—	—	3,273,166
Contract assets	—	—	11,531,823	18,419,248	29,951,071
	90,769,936	546,717,407	11,531,823	22,506,974	671,526,140
Financial Liabilities					
Liabilities at amortized cost:					
Accounts payable and other liabilities**	17,072,319	37,140,654	1,262,334	—	55,475,307
Liquidity position	P73,697,617	P509,576,753	P10,269,489	P22,506,974	P616,050,833

*Excluding advances to agents

**Excluding government payables

Equity Price Risk

Equity price risk is the likelihood that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stocks, as well as its investments in UITF which are managed by professional fund managers and are invested in various financial instruments such as money market securities, bonds, equity securities. The equity price risk exposure arises from the Group's equity investments at FVTOCI and financial assets at FVTPL. The Group measures the sensitivity of its domestic equity investments at FVTOCI by using stock market index fluctuations and its effect to respective share prices. The Group also closely monitors the performance of its UITF investments, as measured in net asset value per unit (NAVPU).

In 2021 and 2020, changes in fair value of financial assets as FVTPL and equity instruments held as equity investments at FVTOCI due to a reasonably possible change in equity interest, with all other variables held constant, will increase net income by P2.88 million in 2021 (nil in 2020), and other comprehensive income by P5.56 million and P4.40 million, respectively, if equity prices will increase by 10%. An equal change in the opposite direction would have decreased equity by the same amount.

Foreign Currency Risk

Foreign currency risk is the risk where the value of the Group's financial instrument diminishes due to changes in foreign exchange rates. The Group's foreign currency risk relates to its US\$-denominated cash. The Group seeks to mitigate the effect of its currency exposure by matching the level of return on investment with the magnitude of foreign exchange fluctuation. Management closely monitors the fluctuations in exchange rates so as to anticipate the impact of foreign currency risks associated with the financial instruments. The Group currently does not enter into derivative transactions to hedge its currency exposure.

The Group recognized foreign exchange gain of P0.37 million in 2021 and foreign exchange losses of P0.32 million and P0.24 million in 2020 and 2019, respectively. The exchange rate of Peso to US\$ as of December 31, 2021, 2020 and 2019 used in translating the US\$-denominated financial instruments is P50.99, P48.02 and P50.64, respectively.



The following table demonstrates the impact on the Group's net loss before income tax of reasonably possible changes in the US\$ (all other variables held constant). There is no other impact on the Group's equity other than those already affecting profit or loss as follows:

2021		2020	
Movement in US\$ rates	Effect on net income and equity	Movement in US\$ rates	Effect on net loss and equity
+6%	₱393,590	+5%	(₱308,879)
-6%	(393,590)	-5%	308,879

Fair Values of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value.

Cash and Cash Equivalents, Short-term Investments, Refundable Deposits and Accounts Payable and Other Liabilities

The carrying amounts of cash and cash equivalents, short-term investments, refundable deposits and accounts payable and other liabilities approximate their fair values due to the short-term maturities of these financial instruments.

Receivables

Fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar instruments. Due to its short-term maturity, its carrying amount approximates its fair value.

Financial Assets at FVTPL/Equity Instruments at FVTOCI

Fair value of financial assets at FVTPL/equity instruments at FVTOCI are based on closing prices, published price and net asset value per unit as of the reporting date.

Fair Value Hierarchy

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

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

The following table presents the fair value of the Group's financial instruments carried at fair value:

	2021		2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Equity instruments at FVTPL:				
UITF	₱28,751,199	₱28,751,199	₱—	₱—
Equity investments at FVTOCI				
Golf club shares	44,350,000	44,350,000	34,250,000	34,250,000
Shares of stock	11,203,235	11,203,235	9,624,723	9,624,723
Total	₱84,304,434	₱84,304,434	₱43,874,723	₱43,874,723



The Group's financial instrument carried at fair value consists of equity shares which has been determined by reference to the price of the most recent transaction at the end of reporting period (Level 1) and golf club shares which has been determined by reference to published price quotation and investments in UITF which are measured in NAVPU (Level 2).

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

24. Capital Management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2021 and 2020.

The following table pertains to the account balances which the Group considers as its core economic capital:

	2021	2020
Common stock	₱601,389,569	₱601,389,569
Subscribed common stock - net	76,292,500	76,292,500
Additional paid-in capital	72,272,140	72,272,140
Retained earnings	882,668,030	859,390,177
Treasury stock	(4,961,650)	(4,961,650)
	₱1,627,660,589	₱1,604,382,736

25. Segment Information

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

- The real estate development segment, which is engaged in the real estate business.
- Investment pertain to the activities of the Parent Company as a holding entity.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating income or loss in the consolidated financial statements. The Group's identified operating segments, which are consistent with the segments reported to the BOD, which is the Group's Chief Operating Decision Maker.



The following tables regarding business segments present assets and liabilities, revenue and profit information for each of the three years in the period ended December 31, 2021.

December 31, 2021:

	Real Estate Development	Investments	Total	Eliminations	Consolidated
Segment results					
Revenue from real estate sales	₱310,774,950	₱—	₱310,774,950	₱—	310,774,950
Income (loss) before income tax	38,190,438	(10,531,088)	27,659,350	—	27,659,350
Provision for income tax	12,591,665	—	12,591,665	—	12,591,665
Net income/(loss)	₱25,598,773	(₱10,531,088)	₱15,067,685	₱—	₱15,067,685
Other segment information:					
Additions to property and equipment	₱1,435,693	₱37,371	₱1,473,064	₱—	₱1,473,064
Depreciation and amortization	3,605,967	676,042	4,282,009	—	4,282,009
Interest income	4,218,282	4,418,966	8,637,248	—	8,637,248
Other non-cash items pertaining to provisions for contingencies and allowance for ECL	25,946,891	—	25,946,891	—	25,946,891

December 31, 2020

	Real Estate Development	Investments	Total	Eliminations	Consolidated
Segment results					
Revenue from real estate sales	₱51,046,755	₱—	₱—	₱—	₱51,046,755
Loss before income tax	(4,690,378)	(3,567,446)	(8,257,824)	—	(8,257,824)
Benefit from income tax	(320,178)	—	(320,178)	—	(320,178)
Net loss	(₱4,370,200)	(₱3,567,446)	(₱7,937,646)	₱—	(₱7,937,646)
Other segment information:					
Additions to property and equipment	₱1,126,862	₱23,536	₱1,150,298	₱—	₱1,150,298
Depreciation and amortization	1,677,736	867,779	2,545,515	—	2,545,515
Interest income	3,296,840	9,015,631	12,312,471	—	12,312,471

December 31, 2019

	Real Estate Development	Investments	Total	Eliminations	Consolidated
Segment results					
Revenue from real estate sales	₱112,582,130	₱—	₱—	₱—	₱112,582,130
Income (loss) before income tax	(4,828,018)	1,957,795	(2,870,223)	—	(2,870,223)
Benefit from income tax	(449,582)	—	(449,582)	—	(449,582)
Net income (loss)	(₱4,378,436)	₱1,957,795	(₱2,420,641)	₱—	(₱2,420,641)
Other segment information:					
Additions to property and equipment	₱5,543,564	₱377,358	₱5,920,922	₱—	₱5,920,922
Depreciation and amortization	3,236,852	702,471	3,939,323	—	3,939,323
Interest income	4,853,320	18,278,993	23,132,313	—	23,132,313

26. Contracts and Commitments

The Group has the following significant commitments and agreements:

Construction Agreements and Purchase Commitments

The Group entered into various construction-related contracts for the Anala, Azalea and Althea Projects. These contracts pertain to construction management, general construction works, exterior wall construction works, land development works, mechanical works and electrical and auxiliary works.



Condominium units

Anala. The contracts for the Anala Project commenced on various dates in 2011 and 2012, with terms ranging from 3 weeks to 2 years. These contracts expired on various dates in 2012 until May 2015.

Azalea. The contract for the Azalea Project commenced the works starting July 26, 2021 and must be completed no later than January 26, 2024.

House and lot and lots

Althea. The contracts relating to the Althea Project ranges from 120 to 180 days.

All agreements require down payment of 10% to 20% of the contract price while the balance will be settled through progress billings. The agreements also include a provision whereby the Group shall deduct 10% retention from every progress payment until full completion of the project work. Retention payable related to these contracts amounted to ₱3.00 million and ₱1.26 million as of December 31, 2021 and 2020, respectively (see Note 13). These are expected to be settled in 2022.

Lease Agreements

- a. In 2012, the Parent Company entered into a renewable lease contract with Haldane Investment NV, duly represented by E. Zobel, Inc. for the lease of the 4/F Unit of Enzo Building, located at No. 399 Gil J. Puyat Avenue, Makati City. The contract is for a term of eight months commencing on May 1, 2012 and expiring December 31, 2012. The lease is renewable every year for a period of 12 months, which is still effective in 2021. In line with the contract, the Parent Company paid a refundable deposit, which is classified under “Prepayments and other current assets” (see Note 8). Minimum lease payments within a year under this contract is ₱0.2 million.
- b. On June 16, 2015, the Subsidiary entered into a new lease contract with E. Zobel, Inc. for the transfer of office space from 4th Floor to 2nd Floor of Enzo Building, located at No. 399 Senator Gil Puyat Avenue, Makati City for a period of six months. The lease agreement is renewable on a yearly basis subject to the mutual agreement of the parties. In January 2021, the Subsidiary renewed the lease for another year. The Subsidiary paid security deposit amounting to ₱0.3 million to answer for any and all damages to the leased premises and as security for the return of the leased premises in proper condition. Minimum lease payments within one year amounted to ₱1.7 million.

The Group recognized short-term lease amounted to ₱2.68 million, ₱2.57 million and ₱2.34 million in 2021, 2020 and 2019, respectively (see Note 14).



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
SOCResources, Inc.
4th Floor Enzo Building
399 Senator Gil Puyat Avenue
Makati City 1200

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of SOCResources, Inc. (the Company) and Subsidiaries as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated May 16, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.



Albert R. Bon
Partner

CPA Certificate No. 0121479

Tax Identification No. 255-491-830

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 121479-SEC (Group A)

Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-135-2020, January 31, 2020, valid until January 30, 2023

PTR No. 8853475, January 3, 2022, Makati City

May 16, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
SOCResources, Inc.
4th Floor Enzo Building
399 Senator Gil Puyat Avenue
Makati City 1200

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SOCResources, Inc. (the Company) and its subsidiaries (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated May 16, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements, and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the SEC, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Albert R. Bon

Partner

CPA Certificate No. 0121479

Tax Identification No. 255-491-830

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 121479-SEC (Group A)

Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-135-2020, January 31, 2020, valid until January 30, 2023

PTR No. 8853475, January 3, 2022, Makati City

May 16, 2022



SOCRESOURCES, INC. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES DECEMBER 31, 2021

Annex I: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex II: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex III: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

SOCRESOURCES, INC. AND SUBSIDIARIES**ANNEX 1: SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND
DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

Unappropriated retained earnings, beginning	₱285,765,213
Less: Treasury shares	(4,961,650)
Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning	280,803,563
Net loss during the period closed to retained earnings	(7,406,212)

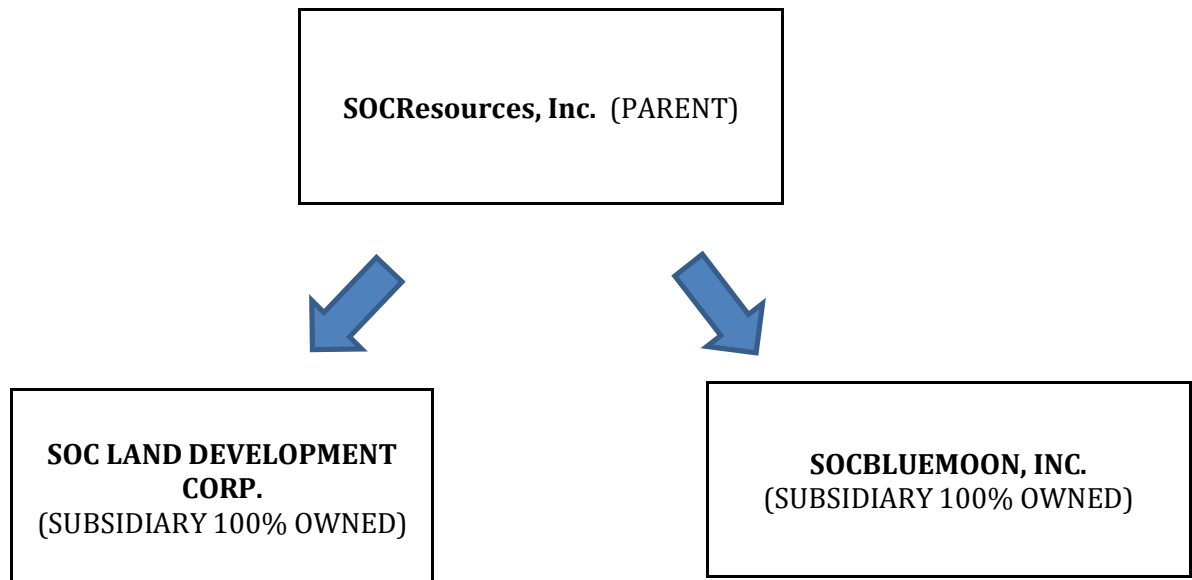
TOTAL RETAINED EARNINGS, AS ADJUSTED TO AVAILABLE FOR DIVIDEND DECLARATION, END	₱273,397,351
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Note: In accordance with SEC Financial Reporting Bulletin No. 14, the reconciliation is based on the separate/parent company financial statements of SOCResources, Inc.

SOCRESOURCES, INC. AND SUBSIDIARIES

ANNEX II: MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND ITS ULTIMATE PARENT COMPANY, MIDDLE PARENT, SUBSIDIARIES, CO-SUBSIDIARIES, ASSOCIATES, WHEREVER LOCATED OR REGISTERED

DECEMBER 31, 2021



SOCRESOURCES, INC. AND SUBSIDIARIES
ANNEX III, SCHEDULE A: FINANCIAL ASSETS
DECEMBER 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	Value based on Market Quotation at End of Reporting Period	Income Received and Accrued
Cash on hand and in banks				
Cash equivalents		₱430,538,993	₱430,538,993	₱2,552,824
Short-term investments		187,677,472	187,677,472	2,793,977
Financial Assets at Amortized Cost		618,216,465	618,216,465	5,346,801
Aboitiz Equity Ventures, Inc.	7,800	424,710	424,710	
Lepanto Consolidated Mining Company "A"	2,078,000	290,920	290,920	
Manila Mining Corporation "A"	26,480,000	264,800	264,800	
Manila Water Company, Inc.	265,000	6,545,500	6,545,500	140,715
Petron	1,147,500	3,637,575	3,637,575	
Listed - Domestic Stocks		11,163,505	11,163,505	140,715
Wackwack Golf & Country Club	1	44,139,730	44,139,730	
Southwest Resources, Inc.	1	3,333,500	3,333,500	
Mt. Malarayat Golf & Country Club	1	250,000	250,000	
		47,723,230	47,723,230	
Allowance for impairment on equity investments at Fair Value through Other Comprehensive Income (FVTOCI) - unlisted		(3,333,500)	(3,333,500)	
Not Listed - Domestic Stocks		44,389,730	44,389,730	
Financial Assets at FVTOCI		55,553,235	55,553,235	140,715
Unit Investment Trust Fund (UITF)		28,751,199	28,751,199	
Financial Assets at Fair Value through Profit and Loss (FVTPL)		28,751,199	28,751,199	
TOTAL FINANCIAL ASSETS		₱702,520,899	₱702,520,899	₱5,487,516

SOCRESOURCES, INC. AND SUBSIDIARIES

**ANNEX III, SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS,
OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL
STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2021**

Not applicable. There are no receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders other than subject to usual terms, for ordinary travel and expense advances, and for other such items arising in the ordinary course of business.

SOCRESOURCES, INC. AND SUBSIDIARIES**ANNEX III, SCHEDULE C: AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED
DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Name and Designation of Debtor	Balance at the Beginning of Period	Deductions					Balance at end of Period
		Additions	Amounts Collected	Amounts Written Off	Current	Non-Current	
SOC Land Development, Corporation	₱905,200,241	—	—	—	—	₱905,200,241	₱905,200,241

SOCRESOURCES, INC. AND SUBSIDIARIES
ANNEX III, SCHEDULE D: LONG-TERM DEBT
DECEMBER 31, 2021

Not applicable. The Group does not have any long-term debt.

SOCRESOURCES, INC. AND SUBSIDIARIES

ANNEX III, SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2021

Not applicable. The Group does not have any long-term loans from related companies.

SOCRESOURCES, INC. AND SUBSIDIARIES**ANNEX III, SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2021**

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of each class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
Not applicable. The Group does not have guarantees of securities of other issuers.				

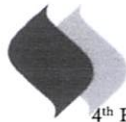
SOCRESOURCES, INC. AND SUBSIDIARIES**ANNEX III, SCHEDULE G: CAPITAL STOCK****DECEMBER 31, 2021**

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding at shown under related Statement of Financial Position Caption*	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Common Stock - P1 par value	1,000,000,000	901,920,569	—	—	688,787,368	213,133,201

**Inclusive of 305,170,000 shares subscribed, out of which 228,877,500 remain as outstanding subscriptions receivable.*

SOCRESOURCES, INC. AND SUBSIDIARY
SUPPLEMENTAL SCHEDULES OF FINANCIAL SOUNDNESS INDICATORS
AS OF DECEMBER 31, 2021

Ratio	Formula	December 31	
		2021	2020
Current	$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$	10.62	9.63
Acid-test	$\frac{\text{Cash and Cash Equivalents} + \text{Short-term Investments} + \text{Installment Contracts Receivable, current} + \text{Contract Assets, current} + \text{Other Receivables, current}}{\text{Total Current Liabilities}}$	4.28	3.39
Solvency	$\frac{\text{Net Income after Tax} + \text{Depreciation Expense}}{\text{Total Liabilities}}$	0.08	(0.02)
Debt-to-equity	$\frac{\text{Accounts payable and other liabilities} + \text{Contract liabilities}}{\text{Total equity (net of other comprehensive income)}}$	0.21	0.18
Asset-to-equity	$\frac{\text{Total Assets}}{\text{Total equity (net of other comprehensive income)}}$	1.23	1.20
Interest rate coverage	$\frac{\text{Net Income Before Tax} + \text{Depreciation Expense} + \text{Interest Expense}}{\text{Interest Expense}}$	—	—
Return on equity (%)	$\frac{\text{Net Income after Tax}}{\text{Stockholder's Equity}} \times 100$	1.41%	(0.49%)
Return on asset	$\frac{\text{Net Income}}{\text{Average Total Assets}}$	0.01	0.00
Net profit margin	$\frac{\text{Net Profit}}{\text{Total Revenue}}$	7.49	(15.55)
Asset-to-liability	$\frac{\text{Total Assets}}{\text{Total Liabilities}}$	5.73	6.35



SOCResources, Inc.

4th Flr. ENZO Building 399 Senator Gil Puyat Avenue, Makati City
Metro Manila, Philippines 1200

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of SOCResources, Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.


The Board of Directors is responsible for overseeing the Company's financial reporting process.

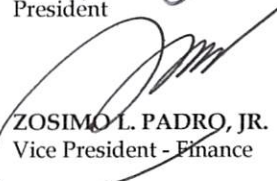
The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders.

SYCIP GORRES VELAYO & CO., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippines Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


EDGARDO P. REYES
Chairman/Chief Executive Officer


WILFRIDO P. REYES
President



BELEN R. CASTRO
Vice President/Treasurer


ZOSIMO L. PADRO, JR.
Vice President - Finance

SUBSCRIBED AND SWORN to before me this MAY 12 day of 2022 2022 affiants exhibiting to me their valid government issued identification as follows:

Name	Type	No.	Date of Issue	Place of Issue	Expiry
Edgardo P. Reyes	OSCA	29858	Mar 25, 2009	Makati City	N/A
Wilfredo P. Reyes	OSCA	14683	Feb 05, 2007	Makati City	N/A
Belen R. Castro	OSCA	23231	Apr 29, 2008	Makati City	N/A
Zosimo L. Padro, Jr.	IBP	36869	N/A	Manila	N/A

Doc. No.: 30;
Page No.: 07;
Book No.: 283;
Series of 2022.


ATTY. GEORGE DAVID B. SITON
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. 51-061 / JAN 01, 2023
ROLL NO. 68402 / MCLE COMPLIANCE NO. 111001046/2-15-2023
IBP O.R. No. 092282-LIFE TERM / JAN 12, 2017
PTR No. 8852056 JAN 03, 2022 MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE. COR. JUPITER ST. MAKATI CITY

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	2	0	6	4	4	1
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COMPANY NAME

[illegible]**PRINCIPAL OFFICE** (No. / Street / Barangay / City / Town / Province)[illegible]

Form Type

A	A	F	S
----------	----------	----------	----------

Department requiring the report

C	R	M	D
----------	----------	----------	----------

Secondary License Type, If Applicable

N	/	A	
---	---	---	--

COMPANY INFORMATION

Company's Email Address

socinfo@socres.com.ph

Company's Telephone Number

(02) 8804-1978

Mobile Number

	N/A
--	-----

No. of Stockholders

358

Annual Meeting (Month / Day)

06/17

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Ronna C. De Leon

Email Address

info@socres.com.ph

Telephone Number/s

(02) 8804-1977

Mobile Number

09175364732

CONTACT PERSON'S ADDRESS

4th Floor Enzo Building, 399 Senator Gil Puyat Avenue, Makati City 1200

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 the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
SOCResources, Inc.
4th Floor Enzo Building
399 Senator Gil Puyat Avenue
Makati City 1200

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of SOCResources, Inc. (the Company), which comprise the parent company statements of financial position as at December 31, 2021 and 2020, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 18 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of SOCResources, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Albert R. Bon

Partner

CPA Certificate No. 0121479

Tax Identification No. 255-491-830

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 121479-SEC (Group A)

Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-135-2020, January 31, 2020, valid until January 30, 2023

PTR No. 8853475, January 3, 2022, Makati City

May 16, 2022



SOCRESOURCES, INC.**PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱286,283,898	₱514,325,616
Short-term investments (Note 4)	187,677,472	–
Receivables (Note 5)	4,535,309	4,710,768
Prepayments and other current assets (Note 6)	5,979,679	5,621,963
Total Current Assets	484,476,358	524,658,347
Noncurrent Assets		
Equity investments at fair value through other comprehensive income (FVTOCI) (Note 7)	55,553,235	43,874,723
Financial assets at fair value through profit or loss (FVTPL) (Note 7)	28,751,199	–
Advances to and investment in subsidiaries (Notes 8 and 13)	1,230,623,116	1,227,498,241
Property and equipment (Note 9)	688,240	1,326,911
Other noncurrent assets (Note 6)	3,075,254	1,217,762
Total Noncurrent Assets	1,318,691,044	1,273,917,637
TOTAL ASSETS	₱1,803,167,402	₱1,798,575,984
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities (Note 10)	₱646,141	₱720,769
Noncurrent Liabilities		
Retirement benefits obligation (Note 11)	7,671,097	5,341,547
Deferred tax liabilities (Note 12)	4,869,710	3,348,750
Total Noncurrent Liabilities	12,540,807	8,690,297
Total Liabilities	13,186,948	9,411,066
Equity		
Common stock (Note 14)		
Issued	601,389,569	601,389,569
Subscribed	76,292,500	76,292,500
Additional paid-in capital	72,272,140	72,272,140
Retained earnings:		
Appropriated	745,000,000	745,000,000
Unappropriated	278,359,001	285,765,213
Other comprehensive income (Notes 7 and 11)	21,628,894	13,407,146
Treasury stock	(4,961,650)	(4,961,650)
Equity	1,789,980,454	1,789,164,918
TOTAL LIABILITIES AND EQUITY	₱1,803,167,402	₱1,798,575,984

See accompanying Notes to Parent Company Financial Statements.



SOCRESOURCES, INC.**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31	
	2021	2020
INCOME		
Interest income (Notes 4)	₱4,418,966	₱9,015,631
Dividend income (Note 7)	140,715	124,890
Gain on fair value change of financial assets at FVTPL (Note 7)	246,990	–
Foreign exchange gain - net	370,518	–
	5,177,189	9,140,521
COSTS, EXPENSES and OTHER CHARGES		
Personnel costs	(4,218,468)	(4,270,059)
Professional fees	(3,049,631)	(2,167,145)
Travel and transportation	(2,152,414)	(2,118,957)
Depreciation and amortization (Note 9)	(676,042)	(867,779)
Research and development costs	(164,898)	(661,998)
Taxes and licenses	(290,986)	(299,436)
Telecommunications and postage	(302,474)	(290,746)
Short-term lease (Note 15)	(261,000)	(261,000)
Dues and subscription	(113,925)	(108,650)
Supplies	(99,342)	(104,953)
Exploration cost	(633,512)	(79,680)
Utilities	(40,302)	(64,684)
Repairs and maintenance	(43,020)	(53,256)
Trainings and seminars	(31,320)	(26,107)
Entertainment and representation	(9,221)	(23,101)
Foreign exchange loss – net	–	(324,901)
Others	(496,846)	(985,515)
	(12,583,401)	(12,707,967)
LOSS BEFORE INCOME TAX	(7,406,212)	(3,567,446)
PROVISION FOR INCOME TAX (Note 12)	–	–
NET LOSS	(7,406,212)	(3,567,446)
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>		
Unrealized valuation gains on equity investments at FVTOCI (Note 7)	10,157,553	816,265
Actuarial gain (loss) on defined benefit plan (Note 11)	(1,935,805)	72,640
	8,221,748	888,905
TOTAL COMPREHENSIVE LOSS	(₱815,536)	(₱2,678,541)
Basic/Diluted Loss Per Share (Note 17)	(₱0.0082)	(₱0.0040)

See accompanying Notes to Parent Company Financial Statements



SOCRESOURCES, INC.

**PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	Common Stock (Note 14)		Additional Paid-in Capital	Retained Earnings (Note 14)		Other Comprehensive Income at FVTOCI (Notes 7)	Accumulated Remeasurement on Retirement Benefits Obligation (Note 11)	Treasury Stock (Note 14)	Total
	Issued	Subscribed		Appropriated	Unappropriated				
BALANCES AT DECEMBER 31, 2019	₱601,389,569	₱76,292,500	₱72,272,140	₱745,000,000	₱289,332,659	₱12,561,536	(₱43,295)	(₱4,961,650)	₱1,791,843,459
Net loss	—	—	—	—	(3,567,446)	—	—	—	(3,567,446)
Other comprehensive income	—	—	—	—	—	816,265	72,640	—	888,905
Total comprehensive income (loss)	—	—	—	—	(3,567,446)	816,265	72,640	—	(2,678,541)
BALANCES AT DECEMBER 31, 2020	601,389,569	76,292,500	72,272,140	745,000,000	285,765,213	13,377,801	29,345	(4,961,650)	1,789,164,918
Net loss	—	—	—	—	(7,406,212)	—	—	—	(7,406,212)
Other comprehensive income	—	—	—	—	—	10,157,553	(1,935,805)	—	8,221,748
Total comprehensive income (loss)	—	—	—	—	(7,406,212)	10,157,553	(1,935,805)	—	815,536
BALANCES AT DECEMBER 31, 2021	₱601,389,569	₱76,292,500	₱72,272,140	₱745,000,000	₱278,359,001	₱23,535,354	(1,906,460)	(₱4,961,650)	₱1,789,980,454

See accompanying Notes to Parent Company Financial Statements.



SOCRESOURCES, INC.**PARENT COMPANY STATEMENTS OF CASH FLOWS**

	Years Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(₱7,406,212)	(₱3,567,446)
Adjustments for:		
Interest income (Note 4)	(4,418,966)	(9,015,631)
Depreciation and amortization (Note 9)	676,042	867,779
Dividend income (Note 7)	(140,715)	(124,890)
Retirement benefit expense (Note 11)	393,745	435,476
Gain fair value change of financial assets at FVTPL (Note 7)	(246,990)	—
Unrealized foreign exchange loss (gain) - net	(370,518)	324,901
Operating loss before working capital changes	(11,513,614)	(11,079,811)
Changes in:		
Receivables	(56,476)	58,295
Prepayments and other assets	(357,716)	(196,363)
Accounts payable and other liabilities	(74,628)	(205,431)
Cash used in operations	(12,002,434)	(11,423,310)
Interest received	4,661,041	9,561,404
Net cash flows used in operating activities	(7,341,393)	(1,861,906)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in SOCBluemoon, Inc. (Note 8)	(3,124,875)	—
Acquisition of short-term investments (Note 4)	(187,677,472)	—
Investment in FVTPL (Note 7)	(28,504,209)	—
Acquisition of property and equipment (Note 9)	(37,371)	(23,536)
Dividends received (Note 7)	130,576	114,750
Advances for agricultural projects (Note 6)	(1,857,492)	(1,115,262)
Net cash used in investing activities	(221,070,843)	(1,024,048)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	370,518	(324,901)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(228,041,718)	(3,210,855)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	514,325,616	517,536,471
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱286,283,898	₱514,325,616

See accompanying Notes to Parent Company Financial Statements.



SOCRESOURCES, INC.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information and Approval and Authorization of the Parent Company Financial Statements

Corporate Information

SOCResources, Inc. (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 25, 1992. The Parent Company's shares of stock are publicly traded in the Philippine Stock Exchange (PSE). The Parent Company is currently registered primarily to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, in particular shares of stocks, voting trust certificates, bonds, debentures, notes, evidences of indebtedness of associations and corporations, domestic or foreign, without being a stockbroker or dealer, and to issue in exchange therefore shares of the capital stock, bonds, notes, or other obligations and/or assets of the Parent Company and while the owner thereof, to exercise all the rights, powers, and privileges of ownership, including the right to vote any shares of stock or voting trust certificates so owned, and to do every act and thing that may generally be performed by entities known as "holding companies".

The Parent Company has two subsidiaries – SOC Land Development Corporation (SOC Land) and SOCBlumoon, Inc. (SOCBlumoon).

SOC Land was incorporated in the Philippines and registered with the Philippine SEC on November 25, 2010.

SOCBlumoon was incorporated in the Philippines and registered with the Philippine SEC on November 19, 2020.

The registered office address of the Parent Company is 4th floor Enzo Building, 399 Senator Gil Puyat Avenue, Makati City 1200.

Approval and Authorization of the Parent Company Financial Statements

The parent company financial statements as at December 31, 2021 and 2020 and for the years then ended were approved and authorized for issue by the BOD on May 16, 2022.

2. Summary of Significant Accounting Policies

Basis of Preparation

The parent company financial statements have been prepared on a historical cost basis except for equity investments at fair value through other comprehensive income (FVTOCI) and financial assets at fair value through profit or loss (FVTPL) that have been measured at fair value. The parent company financial statements are presented in Philippine peso (₱), which is the Parent Company's functional and presentation currency. All values are rounded off to the nearest peso, except when otherwise indicated.

The accompanying parent company financial statements have been prepared under the going concern assumption. The Parent Company believes that it would remain relevant despite challenges posed by the Corona Virus Disease (COVID 19) pandemic.



Statement of Compliance

The Parent Company's separate financial statements are prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The Parent Company also prepares, and issues consolidated financial statements, which are also presented in compliance with PFRSs, for the same financial year as the parent company financial statements, and are also filed with the Philippine SEC. These may be obtained at the Parent Company's registered office address.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as of January 1, 2021. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these pronouncements did not have any significant impact on the parent company financial statements.

- *Amendment to PFRS 16, Leases, COVID-19-related Rent Concessions beyond 30 June 2021*

The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. This amendment does not have an impact to the parent company financial statements as the Parent Company does not have lease agreements that would necessitate recognition of right-of-use assets and lease liabilities.

- *Amendments to PFRS 9, Financial Instruments, PAS 39, Financial Instruments Recognition and Measurement, PFRS 7, Financial Instruments Disclosures, PFRS 4, Insurance Contracts 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 Parent Company shall also disclose information 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 Parent Company adopted the amendments beginning January 1, 2021. The amendments have no significant impact to the parent company financial statements.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its parent company financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Business Combinations, Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.



- Amendments to PAS 37, *Provisions, Contingent Liabilities, Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Parent Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *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*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

- Amendments to PFRS 9, *Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Parent Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.



An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Income Taxes, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, *Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.



Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.



Deferred effectivity

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

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

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

The Parent Company continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to the December 31, 2021 parent company financial statements. Additional disclosures required by these amendments will be included in the parent company financial statements when these amendments are adopted.

Summary of Accounting Policies

The significant accounting policies that have been used in the preparation of the parent company financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Current versus Noncurrent Classification

The Parent Company presents assets and liabilities in the parent company statement of financial position based on whether it is current and 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 12 months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 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 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Parent Company classifies all other liabilities as noncurrent.



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

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 the Parent 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 Parent 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 parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of 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 of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Parent 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 Parent 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.

As of December 31, 2021 and 2020, the Parent Company has no non-financial asset carried at fair value. In addition, the Parent Company has neither assets nor liabilities with recurring and non-recurring fair value measurements.

Financial Instruments

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



a. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVTPL and FVTOCI.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. The Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows 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 Parent 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.

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

As at December 31, 2021 and 2020, the Parent Company does not have any financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments).

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Parent Company. The Parent 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 rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Parent Company's financial assets at amortized cost includes cash and cash equivalents, short-term investments, receivables (excluding receivable from officers and employees) and refundable deposit presented under Prepayments and other current assets.



Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, 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 accounted for as financial assets at FVTPL unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the parent company statement of financial position at fair value with net changes in fair value presented as “gain on fair value change of financial assets at FVTPL” (positive net changes in fair value) or “loss on fair value change of financial assets at FVTPL” (negative net changes in fair value) in profit or loss.

As of December 31, 2021, this category includes the Parent Company’s investments in unit investment trust fund (UITF). The fair value of the investment in UITF as of December 31, 2021 is based on the Net Asset Value per Unit (NAVPU) which reflect the current market prices of the instruments that make up the UITF (Level 2).

Financial assets designated at FVTOCI (equity instruments)

Upon initial recognition, the Parent Company can elect to classify irrevocably its equity investments as equity instruments designated at FVTOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* 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 the parent company statement of comprehensive income when the right of payment has been established, except when the Parent 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 FVTOCI are not subject to impairment assessment.

The Parent Company elected to classify irrevocably its listed equity investments and golf club shares under this category.

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 months or less from date of placements and that are subject to an insignificant risk of change in value.

Short-term Investments

Short-term investments include investments that the Parent Company has made that is expected to be converted into cash within one year.

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 parent company statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or,



- the Parent 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 Parent Company has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Parent 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 Parent Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Parent Company also recognized an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Parent 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 Parent Company could be required to repay.

Impairment of financial assets

The Parent Company recognizes an allowance for expected credit losses (ECLs) for all financial assets except debt instruments 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 Parent Company expects to receive, discounted at an approximation of the original EIR. 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 ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' ECL. Both life time ECL and 12 months' ECL are calculated on either an individual basis or a collective basis, depending on the nature of the financial instruments.

For cash and cash equivalents and short-term investments, the Parent Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risks investments. It is the Parent Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Parent Company uses the ratings from the external credit rating agencies to determine whether the debt instruments have significantly increased in credit risk and estimate ECLs.

For receivables that do not contain significant financing component, the Parent Company applies a simplified approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.



For its other financial assets subject to ECL, the Group applies the general approach in calculating ECLs. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group determines probability of default and loss-given default based on available data, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Parent Company considers a financial asset to be in default when a counterparty fails to pay its contractual obligations on time (i.e., when contractual payments are 90 days past due), or there is a breach of other contractual terms, such as covenants. In certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, liabilities at amortized cost, 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 liabilities at amortized cost, net of directly attributable transaction costs.

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

Subsequent measurement

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

Liabilities at amortized cost

This is the category most relevant to the Parent Company. After initial recognition, interest-bearing liabilities at amortized cost 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 parent company statement of comprehensive income.

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 parent company statement comprehensive income.



c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the parent company statement of financial position if, and only 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. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the parent company statement of financial position. The Parent Company has currently enforceable right when if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Parent Company and all of the counterparties.

Prepayments and Other Current Assets

Prepayments are carried at cost and are amortized on a straight-line basis over the period of expected usage, which is equal to or less than 12 months.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the parent company statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds from sales of goods and/or services (output VAT), the excess is recognized as an asset in the parent company statement of financial position to the extent of the recoverable amount.

Any excess which will be claimed as tax credits or recoverable from the taxation authority within twelve (12) months or within the normal operating cycle is presented as part of “Prepayments and other current assets” in the parent company statement of financial position. Otherwise, these are classified as other noncurrent assets. Input VAT is stated at its estimated net realizable value. Output VAT payable to the taxation authority is included as part of “Accounts payable and other liabilities” account in the parent company statement of financial position.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such equipment when the recognition criteria are met. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation commences when an asset is in the location and condition capable of being operated in the manner intended by management. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Category</u>	<u>Number of Years</u>
Transportation equipment	5
Office furniture and equipment	5



Leasehold improvements are amortized on a straight-line basis over the term of the lease or the estimated lives of the improvements, whichever is shorter.

Depreciation ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date that the asset is derecognized.

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized. Fully depreciated items are retained as property and equipment until these are no longer in use.

Investment in Subsidiaries

Investment in subsidiaries is accounted for at cost less any impairment in value. A subsidiary is an entity which the Parent Company controls. A company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All dividends received are reflected as income in profit or loss.

The Parent Company recognizes income from its investment in subsidiaries when its right to receive dividends is established. As of December 31, 2021, the Parent Company's investment in subsidiaries pertain to its investment in SOC Land Development Corporation and SOC Bluemoon that are both incorporated and domiciled in the Philippines.

Impairment of Nonfinancial Assets

The Parent Company assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses from continuing operations are recognized in profit or loss.

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



Retirement Benefits

The Parent Company has an unfunded, non-contributory, defined benefit retirement obligation.

The Parent Company recognizes the net defined benefit liability or asset which is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit retirement plan is determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

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

Net interest on the net defined benefit liability or asset is recognized as an expense or income in profit or loss.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the parent company statement of financial position with a corresponding debit or credit to retained earnings through profit or loss in the period in which they occur. Re-measurements are not reclassified to the parent company statement in comprehensive loss in subsequent periods.

Common Stock and Additional Paid-in Capital

The Parent Company has issued common stocks that are classified as equity. Common stock is measured at par value for all shares issued.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Subscription receivable pertains to the uncollected portion of the subscribed shares. Subscription receivable is presented as deduction from equity if the subscription receivable is not expected to be collected within 12 months after reporting period. Otherwise, the subscription receivable is presented as current asset.



Retained Earnings

The amount included in retained earnings includes profit and reduced by dividends. Dividends are recognized as a liability and deducted from equity when they are approved by the Parent Company's BOD. Interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Appropriated retained earnings represent the portion which has been restricted, and therefore, not available for dividend declaration. Unappropriated retained earnings represent accumulated earnings which can be declared as dividends to stockholders.

Other Comprehensive Income (OCI)

OCI comprises items of income and expenses, including reclassification adjustments, which are not recognized in profit or loss as required or permitted by other standards.

Treasury Stock

Own equity instruments which are reacquired (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in the parent company statement of comprehensive income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference in the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury stock are nullified for the Parent Company and no dividends are allocated to them respectively. When the stocks are retired, the common stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-up capital when the shares were issued and to retained earnings for the remaining balance.

Revenue Recognition

Revenue is recognized when an entity satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control of that asset. The Parent Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Parent Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific revenue recognition criteria should also be met before revenue is recognized.

Interest Income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as available for sale, interest income is recorded using the effective interest rate. Effective interest is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses incurred in the general administration of day-to-day operation of the Parent Company are generally recognized when the service is used or the expense arises.



Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Parent Company can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- its intention to complete and its ability to use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recoverable 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.

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability and is presented as “Income tax payable” account in the parent company statement of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset and is presented as part of “Prepayments and other current assets” account in the parent company statement of financial position.

Deferred Income Tax

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

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

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

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



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

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in the foreign exchange rate ruling at the date of the transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are restated using the rate of exchange at the reporting date. Foreign currency gains or losses are recognized in profit or loss.

Leases

The Parent Company as a lessee

The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent Company's sole lease contract qualifies as a short-term lease.

Short-term leases and Low-value assets

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

Provisions

Provisions are recognized when the Parent 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. 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 assessment 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.

Contingencies

Contingent liabilities are not recognized in the parent company 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 parent company financial statements but are disclosed in the notes to parent company financial statements when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the parent company 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 parent company financial statements.

Events after the Reporting Period

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



3. Significant Accounting Judgments, Estimates and Assumptions

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

Judgment

Assessment of impairment of nonfinancial assets

The Parent Company assesses impairment on property and equipment, investment in subsidiaries, input VAT and prepayments whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The factors that the Parent Company considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. For impairment loss on specific assets, the recoverable amount represents the fair value less costs to sell.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Parent Company is required to make estimates and assumptions that can materially affect the parent company financial statements.

As of December 31, 2021 and 2020, there were no impairment indicators that would lead to impairment analysis.

Estimates and Assumptions

Estimation of retirement benefits liability and expense

The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions include among others, discount rate and salary increase rate. Actual results that differ from the Parent Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and liability in such future period. While the Parent Company believes that the assumptions are reasonable and appropriate, significant differences between actual experience and assumptions may materially affect retirement benefits expense and liability. Retirement benefits costs charged to operations for the years ended December 31, 2021 and 2020 amounted to ₱0.39 million and ₱0.44 million, respectively. Retirement benefits liability amounted to ₱7.67 million and ₱5.34 million as at December 31, 2021 and 2020, respectively (see Note 11).



Recognition of deferred income tax assets

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess MCIT over RCIT and unused NOLCO, to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused MCIT and unused NOLCO can be utilized. Significant management 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.

As at December 31, 2021 and 2020, the Parent Company did not recognize deferred income tax assets on carryforward benefits of unused NOLCO and other deductible temporary differences with amounts disclosed in Note 12.

4. Cash and Cash Equivalents and Short-term deposits

a. Cash and Cash Equivalents

	2021	2020
Cash on hand	₱20,000	₱20,000
Cash in banks	9,833,317	11,919,050
Cash equivalents	276,430,581	502,386,566
	₱286,283,898	₱514,325,616

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

Interest income earned amounted to ₱1.63 million and ₱9.02 million in 2021 and 2020, respectively. Outstanding accrued interest receivable related to the cash equivalents amounted to ₱0.07 million and ₱0.31 million as of December 31, 2021 and 2020, respectively (see Note 5).

b. Short-term investments

As of December 31, 2021, the Parent Company has treasury bills amounting to P187.68 million which earn interest ranging from 1.29% to 1.47% and will mature in 2022. Interest earned from these investments amounted to P2.79 million in 2021.

5. Receivables

	2021	2020
Advances to officers and employees	₱4,095,639	₱4,043,481
Accrued interest (Note 4)	70,745	312,820
Due from a related party (Note 13)	270,903	256,445
Others	98,022	98,022
	₱4,535,309	₱4,710,768

Receivables from officers and employees pertain to advances which are settled through liquidation.



Other receivables as of December 31, 2021 and 2020 include receivable for cash dividends declared by domestic corporation for which the Parent Company owns shares amounting to ₱0.09 million for each year.

No impairment loss on receivables was recognized in 2021 and 2020. The Parent Company believes that the ECL is not significant since the receivables from officers and employees are deductible through salary deductions and are effectively being collateralized by unpaid retirement benefits of these employees. The accrued interest is considered to be low risk credit investments as these are held by reputable institutions with good standing as published by external credit rating agencies.

6. Prepayments and Other Current Assets and Other Noncurrent Assets

Prepayments and Other Current Assets

	2021	2020
Prepayments	₱3,508,079	₱3,521,478
Input VAT	2,195,177	1,967,356
Security deposit (Note 15)	99,180	99,180
Supplies	36,527	33,949
Others	140,716	—
	₱5,979,679	₱5,621,963

a. Prepayments consists of prepaid taxes and insurance.

b. Other Noncurrent Assets

Other noncurrent assets include advances for agricultural projects amounted to ₱3.08 million and ₱1.22 million as of December 31, 2021 and 2020, respectively.

7. Equity Investments at FVTOCI and Financial Assets at FVTPL

a. Equity Investments at FVTOCI

	2021	2020
Golf club shares	₱44,350,000	₱34,250,000
Listed equity investments	11,203,235	9,624,723
	₱55,553,235	₱43,874,723

The Parent Company's equity investments at FVTOCI pertain to investments in golf club shares and shares of stock of various publicly-listed companies.

The fair value of quoted club share is determined by reference to published price quotation.

The fair values of listed equity investments are based on the quoted market price that is readily and regularly available in the Philippine Stock Exchange.

Dividend income earned from equity investments at FVTOCI amounted to ₱0.14 million and ₱0.12 million in 2021 and 2020, respectively.



The rollforward of net changes in fair value of equity investments at FVTOCI during the years ended December 31 are as follows (gross of deferred income taxes for golf club shares):

	2021	2020
Balance at beginning of year	₱13,377,801	₱12,561,536
Fair value adjustments	10,157,553	816,265
Balances at end of year	₱23,535,354	₱13,377,801

b. Financial Assets at FVTPL

This account pertains to investment in UITF from China Banking Corporation (CBC), classified and measured as financial assets at FVTPL. The movement of the carrying amounts of financial assets at FVTPL for the year ended December 31, 2021 follows:

Balance at beginning of year	₱—
Additions	28,504,209
Fair value adjustments	246,990
Balances at end of year	₱28,751,199

The fair value adjustments were recognized in the parent company statement of comprehensive income in 2021.

8. Advances to and Investments in Subsidiaries

The Parent Company's investments in subsidiaries account pertain to its 100% equity interest in SOC Land and SOCBlumoon (see Note 1).

SOC Land. In November 2010, the Parent Company subscribed to and paid for 40,000,000 shares and 10,000,000 shares in SOC Land, respectively. The total cost of the investment amounted to ₱10.0 million.

SOC Land was incorporated in the Philippines and registered with the Philippine SEC on November 25, 2010. The primary purpose of SOC Land is to deal and engage in real estate business.

On July 28, 2010, the Parent Company purchased 24,023 square meters parcel of land located at East Service Road of South Superhighway, Barangay Buli, Muntinlupa City at a price of ₱321.0 million. As at December 31, 2010, the Parent Company classified the land under "Investment property" in the parent company statement of financial position at cost of ₱321.0 million which approximates its fair value. On March 4, 2011, the Parent Company transferred this investment property with fair value of ₱312.3 million, in exchange for 312,298 additional shares in SOC Land.

The registered office address of SOC Land is 4th Floor Enzo Building, 399 Senator Gil Puyat Avenue, Makati City.

SOCBlumoon. SOCBlumoon was incorporated in the Philippines and registered with the Philippine SEC on November 19, 2020. The Parent Company subscribed for 125,000 shares at ₱100 par representing 25% of SOCBlumoon's authorized capital stock, or ₱12.50 million, out of which the Parent Company already paid ₱3.12 million.

The principal office of SOCBlumoon is Retail E Anuva Residences Commercial Bldg. Km 21 East Service Road, Barangay Buli Sucat, Muntinlupa City, Philippines.



Details of investment in and advances to subsidiaries as of December 31, 2021 and 2020 are as follows:

	2021	2020
Investments in subsidiaries	₱325,422,875	₱322,298,000
Advances	905,200,241	905,200,241
	₱1,230,623,116	₱1,227,498,241

Movement in the Parent Company's investments in subsidiaries follows:

	2021	2020
Beginning balance	₱322,298,000	₱322,298,000
Subscriptions		
Beginning balance	12,500,000	—
Additional subscriptions	—	12,500,000
Outstanding subscriptions payable	(9,375,125)	(12,500,000)
Partly paid subscriptions	3,124,875	—
Ending balance	₱325,422,875	₱322,298,000

9. Property and Equipment

December 31, 2021

	Transportation Equipment	Office Furniture and Equipment	Leasehold Improvements	Total
Cost				
Balances at beginning of year	₱14,407,873	₱3,756,873	₱677,107	₱18,841,853
Additions	—	37,371	—	37,371
Balances at end of year	14,407,873	3,794,244	677,107	18,879,224
Accumulated depreciation and amortization				
Balances at beginning of year	13,904,795	2,933,040	677,107	17,514,942
Depreciation and amortization	281,480	394,562	—	676,042
Balances at end of year	14,186,275	3,327,602	677,107	18,190,984
Net book values	₱221,598	₱466,642	₱—	₱688,240

December 31, 2020

	Transportation Equipment	Office Furniture and Equipment	Leasehold Improvements	Total
Cost				
Balances at beginning of year	₱14,407,873	₱3,733,337	₱677,107	₱18,818,317
Additions	—	23,536	—	23,536
Balances at end of year	14,407,873	3,756,873	677,107	18,841,853
Accumulated depreciation and amortization				
Balances at beginning of year	13,623,315	2,537,479	486,369	16,647,163
Depreciation and amortization	281,480	395,561	190,738	867,779
Balances at end of year	13,904,795	2,933,040	677,107	17,514,942
Net book values	₱503,078	₱823,833	₱—	₱1,326,911



As of December 31, 2021 and 2020, the cost of fully depreciated property and equipment amounted to ₱15.08 million and ₱14.4 million, respectively. These are retained in the records and still used by the Parent Company until these are disposed.

10. Accounts Payable and Other Liabilities

	2021	2020
Accrued expenses	₱584,055	₱533,701
Accounts payable	23,340	164,460
Statutory payables	38,746	22,608
	₱646,141	₱720,769

Accrued expenses are expected to be settled within the next financial year.

Accounts payable are noninterest bearing with payment terms which are dependent on the suppliers' or contractors' credit terms, which is generally 30 to 60 days terms.

Statutory payables consist of mandatory contributions and payments to the Social Security System, Philippine Health Insurance Corporation, and the Home Development Mutual Fund and withholding tax payables which have an average term of 15 to 30 days.

11. Retirement Benefits Obligation

The Parent Company has an unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. Republic Act (RA) No. 7641 ("Retirement Pay Law"), an act amending article 287 of Presidential Decree No. 442 ("Labor Code of the Philippines"), requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The latest actuarial valuation report is as at December 31, 2021.

The following tables summarize the components of retirement benefit expense:

	2021	2020
Current service cost	₱217,474	₱211,434
Interest cost	176,271	224,042
	₱393,745	₱435,476

The Parent Company recognized in other comprehensive income an actuarial loss of ₱1,935,805 in 2021 and an actuarial gain of ₱72,640 in 2020.

Changes in the present value of the defined benefit obligation are as follows:

	2021	2020
Beginning defined benefit obligation	₱5,341,547	₱4,978,711
Current service cost	217,474	211,434
Interest cost	176,271	224,042
Actuarial loss (gain) due to:		
Experience adjustments	2,034,414	(225,096)
Changes in financial assumptions	(98,609)	152,456
Ending defined benefit obligation	₱7,671,097	₱5,341,547



The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The principal assumptions used in determining pension benefit obligations for the plan as at January 1 are shown below:

	2021	2020
Discount rate	3.30%	4.50%
Future salary increase	3.00%	3.00%

The discount rate and projected salary increase rate as of December 31, 2021 is 3.80% and 3.00%, respectively.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation, assuming if all other assumptions were held constant.

December 31, 2021

	Increase (decrease) in basis points (bps)	Increase (decrease) in defined benefit obligation
Discount rates	100 bps (100) bps	(P176,543) 205,224
Future salary increases	100 bps (100) bps	204,798 (179,438)

December 31, 2020

	Increase (decrease) in basis points (bps)	Increase (decrease) in defined benefit obligation
Discount rates	100 bps (100) bps	(P128,937) 151,483
Future salary increases	100 bps (100) bps	150,376 (130,456)

Shown below is the maturity analysis of the undiscounted expected benefit payments:

	2021	2020
Less than one year	P7,627,411	P5,275,792
More than 10 years to 30 years	3,545,500	2,559,414

The estimated weighted average duration of the defined benefit obligations is 4.7 years and 5.2 years as at December 31, 2021 and 2020, respectively.



12. Income Taxes

- a. The reconciliation of provision for (benefit from) income tax computed at statutory income tax rate to provision for income tax follows:

	2021	2020
Benefit from income tax at statutory tax rate at 25% in 2021 and 30% in 2020	(P1,851,553)	(P1,070,234)
Adjustments resulting from tax effects of:		
NOLCO incurred during the year and movements in other deductible temporary difference for which no deferred income tax asset was recognized during the year	2,417,161	2,984,453
Interest income subjected to final tax	(1,104,742)	(2,704,689)
Nondeductible expenses	574,313	827,937
Nontaxable dividend income	(35,179)	(37,467)
Provision for income tax	P—	P—

- b. As of December 31, 2021 and 2020, deferred income tax liability consists of provision for deferred tax recognized in other comprehensive income related to the unrealized valuation gains on financial assets at FVTOCI amounting to P4.87 million and P3.35 million, respectively.

No deferred income tax assets were recognized on the following deductible temporary differences and carryforward benefits of unused NOLCO as of December 31 since management believes that it is not probable that sufficient future taxable profit will be available in the near future to allow the benefit of the deferred income tax assets to be utilized:

	2021		2020	
	Gross Amount	Tax Effect	Gross Amount	Tax Effect
NOLCO	P31,843,943	P7,960,986	P35,037,605	P10,511,282
Retirement benefits obligation	7,671,097	1,917,774	5,341,547	1,602,464
Unrealized foreign exchange loss	196,855	48,964	566,373	169,912
	P39,711,895	P9,927,724	P40,945,525	P12,283,658

- c. As of December 31, 2021, the Parent Company has incurred NOLCO before taxable year 2021 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Balance as of December 31, 2020	Addition	Expiration	Utilization	Balance as of December 31, 2021	Tax effect	Available Until
2018	P12,839,075	P—	P12,839,075	P—	P—	P—	2021
2019	13,010,731	—	—	—	13,010,731	3,252,683	2022
	P25,849,806	P—	P12,839,075	P—	P13,010,731	P3,252,683	

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.



As of December 31, 2021, the Parent Company has incurred NOLCO in taxable year 2021 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Balance as of December 31, 2020	Addition	Expiration	Utilization	Balance as of December 31, 2021	Tax effect	Available Until
2020	₱9,187,799	₱—	₱—	₱—	₱9,187,799	₱2,296,950	2025
2021	—	9,645,413	—	—	9,645,413	2,411,353	2026
	₱9,187,799	₱9,645,413	₱—	₱—	₱18,833,212	₱4,708,303	

- d. On March 26, 2021, the President of the Philippines signed into law the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Company would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Company for CY2021 is 27.5%. As the Company does not have any income tax expense or payable, this change did not have any significant effect on the parent company financial statements. There is also no effect on the deferred income tax liability and related expense as the applicable tax rate remains the same.



13. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Parent Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Parent Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Parent Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

In the normal course of business, the Parent Company has the following significant related party transactions:

	Amount/volume		Outstanding balance		Terms	Conditions
	2021	2020	2021	2020		
Subsidiary:						
SOC Land						
Advances to a subsidiary (a) (Note 8)	¥-	¥-	¥905,200,241	¥905,200,241	Within five years; noninterest bearing	Unsecured; No impairment
Entity under common control:						
South China Petroleum International (SCPI)						
Due from a related party (b)	14,458	13,058	270,903	256,445	Due and demandable; noninterest bearing	Unsecured; No impairment
Total	¥14,458	¥13,058	¥905,471,144	¥905,456,686		

- Advances to a subsidiary pertain to amounts owed by SOC Land used to finance the construction of the Anala and Althea projects, primarily consisting of building construction costs, consultancy fees, taxes and licenses, advertising and other business expenses.
- South China Petroleum International (SCPI) is a corporation established to prospect for, explore, extract, dig and drill for, exploit, produce, purchase, or otherwise obtain from the earth, any and all kinds of petroleum and petroleum products, rocks or carbon oils, natural gas and other volatile materials, chemical substance and salts, precious and base metals, diatomaceous earth as well as other minerals of whatever nature whether similar or dissimilar to those listed herein, and to manufacture, refine, prepare for market, buy, sell, import, export and transport and otherwise deal in petroleum and other minerals of whatever nature, whether similar or dissimilar thereto, their products, compounds and derivatives and other mineral and chemical substances in crude or refined condition, and to generally engage, as may be permitted by law, in the business of, and/or investing in mining, manufacturing, contracting and servicing, in addition to oil exploration. Receivable from SCPI pertains to the amount paid for SCPI's business permit and registration.
- Short-term employee benefits of key management personnel amounted to ¥2.68 million and ¥2.70 million in 2021 and 2020, respectively. No retirement expense or other employee benefits were incurred for key management personnel.



14. Equity

a. Common Stock

The Parent Company's authorized, issued and outstanding common shares as of December 31, 2021 and 2020 are as follows:

	No. of Shares	Amount
<i>Authorized - ₱1 par value</i>	1,000,000,000	₱1,000,000,000
Issued	601,389,569	₱601,389,569
Subscribed*	305,170,000	305,170,000
Treasury - at cost	(4,639,000)	(4,961,650)
Total issued and outstanding	901,920,569	₱901,597,919

*Includes subscription receivable amounting to ₱228.88 million as of December 31, 2021 and 2020.

Track Record

The Parent Company was registered on September 25, 1992 with authorized capital stock amounting to ₱1.0 billion composed of one billion shares with par value ₱1.0 per share.

The Parent company has 358 shareholders as at December 31, 2021 and 2020.

b. Retained Earnings

On December 8, 2016, the BOD approved a resolution earmarking ₱600.0 million and ₱145.0 million of the Parent Company's retained earnings for purposes of funding its investments related to SOC Land's Althea and Azalea projects with a target completion in 2024 and the Parent Company's agricultural projects from 2020 to 2025, respectively.

15. Lease Agreements

In 2012, the Parent Company entered into a renewable lease contract with Haldane Investment NV, duly represented by E. Zobel, Inc. for the lease of the 4/F Unit of Enzo Building, located at No. 399 Gil J. Puyat Avenue, Makati City. The contract is for a term of eight (8) months commencing on May 1, 2012 and expiring December 31, 2012. The lease is renewable every year for a period of twelve (12) months subject to the mutual agreement of the parties. In line with the contract, the Parent Company paid a security deposit amounting to ₱99,180 as of December 31, 2021 and 2020, respectively. The security deposit is classified under "Prepayment and other current assets" (see Note 6). Minimum lease payments within a year under this contract is ₱0.21 million.

The Parent Company recorded expenses related to short-term lease amounting to ₱0.26 million in 2021 and 2020.

There are no future minimum lease payments as of December 31, 2021 and 2020.

16. Financial Instruments

Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments comprise cash and cash equivalents, receivables, security deposit presented under prepayments and other current assets, equity investments at FVTOCI



and accounts payable and other liabilities. The main purpose of these financial instruments is to fund the Parent Company's operations.

The BOD has overall responsibility for the establishment and oversight of the Parent Company's risk management framework. The Parent Company's risk management policies are established to identify and manage the Parent Company's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Parent Company's activities.

The Parent Company has exposure to credit risk, liquidity risk and equity price risk from the use of its financial instruments. The BOD reviews and approves the policies for managing each of these risks and they are below:

Credit Risk

Credit risk arises when a customer or counterparty fails to discharge an obligation and cause the Company to incur a financial loss.

The Parent Company is exposed to credit risk primarily because of its investing and operating activities. The Parent Company is exposed to credit risk arising from the counterparties (i.e., fixed income deposits and receivables) to its financial assets.

Credit Risk Management

In managing credit risk on these investments, capital preservation is paramount. The Parent Company trades only with recognized, creditworthy third parties. For investment in bonds, funds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield and capital appreciation. Investment in equities securities represent investments in companies with good dividend track record, as well as capital appreciation. The investment portfolio mix between debt and equity is reviewed by management.

With respect to credit risk arising from the other financial assets of the Parent Company, which comprise of cash and cash equivalents, receivables and security deposits, management monitor these financial assets on an ongoing basis with the result that the Parent Company's exposure to impairment losses is not significant.

Credit Risk Exposures

The maximum exposure to credit risk for financial assets, which is composed of cash and cash equivalents, short-term investments, receivables (excluding advances to officers and employees) and security deposits, is equivalent to the carrying amount of these financial assets as carried in the parent company statement of financial position.

With respect to credit risk arising from financial assets, the Company's exposure to credit risk arises from default of the counterparties, with a maximum exposure as of December 31, 2021 and 2020 equal to the carrying value of the instruments. The Company does not require any collateral and other credit enhancements. Consequently, an impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The mechanics of the ECL calculations and the key elements are, as follows:

- a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
- b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.



- c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

Credit Risk Concentration Profile

The Parent Company has no significant concentrations of credit risk.

The following tables below summarize the credit quality of the Parent Company's financial assets (gross of allowance for impairment losses) as at December 31:

	2021						Total
	Current			Past Due			
	Minimal Risk	Average Risk	High Risk	1-90 Days	More than 90 days	Credit Impaired	
Financial assets							
Cash and cash equivalents*	₱286,263,898	₱—	₱—	₱—	₱—	₱—	₱286,263,898
Short-term investments	187,677,472	—	—	—	—	—	187,677,472
Receivables							
Accrued interest	70,745	—	—	—	—	—	70,745
Due from a related party	270,903	—	—	—	—	—	270,903
Other receivables	98,022	—	—	—	—	—	98,022
Security deposits	99,180	—	—	—	—	—	99,180
	₱474,480,220	₱—	₱—	₱—	₱—	₱—	₱474,480,220

*Excludes cash on hand.

	2020						Total
	Current			Past Due			
	Minimal Risk	Average Risk	High Risk	1-90 Days	More than 90 days	Credit Impaired	
Financial assets							
Cash and cash equivalents*	₱514,305,616	₱—	₱—	₱—	₱—	₱—	₱514,305,616
Trade and other receivables							
Accrued interest	312,820	—	—	—	—	—	312,820
Due from a related party	256,445	—	—	—	—	—	256,445
Other receivables	98,022	—	—	—	—	—	98,022
Security Deposits	99,180	—	—	—	—	—	99,180
	₱15,072,083	₱—	₱—	₱—	₱—	₱—	₱15,072,083

*Excludes cash on hand.

The Parent Company classifies credit quality risk as follows:

Minimal risk - accounts with a high degree of certainty in collection, where counterparties have consistently displayed prompt settlement practices, and have little to no instance of defaults or discrepancies in payment.

Average risk - active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues, but where the likelihood of collection is still moderate to high as the counterparties are generally responsive to credit actions initiated by the Parent.

High risk - accounts with low probability of collection and can be considered impaired based on historical experience, where counterparties exhibit a recurring tendency to default despite constant reminder and communication, or even extended payment terms.

No provision for credit losses in 2021 and 2020 using the ECL model has been recorded. The Parent Company's financial assets were assessed based on 12-month ECL staging consideration.

Liquidity Risk

Liquidity risk is the risk that the Parent Company will not be able to settle or meet its obligations on time or at a reasonable price. Management is responsible for liquidity, funding as well as settlement management. In addition, liquidity and funding risks, related processes and policies are overseen by management. The Parent Company manages its liquidity risk based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility.



The following tables summarize the maturity profile of the Parent Company's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and the Parent Company's financial liabilities based on contractual undiscounted payments.

December 31, 2021:

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial Assets					
Cash and cash equivalents	₱9,853,317	₱276,430,581	₱—	₱—	₱286,283,898
Short term investments	—	57,908,152	129,769,320	—	187,677,472
Loans and receivables:					
Receivables	341,648	—	98,022	—	439,670
Advances to a subsidiary	—	—	—	905,200,241	905,200,241
Security deposit	99,180	—	—	—	99,180
	10,294,145	334,338,733	129,867,342	905,200,241	1,379,700,461
Financial Liabilities					
Other financial liabilities:					
Accounts payable and other liabilities**	—	607,395	—	—	607,395
Liquidity position	₱10,294,145	₱333,731,338	₱129,867,342	₱905,200,241	₱1,379,093,066

**Excludes statutory payables.

December 31, 2020:

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial Assets					
Cash and cash equivalents	₱11,939,050	₱502,386,566	₱—	₱—	₱514,325,616
Loans and receivables:					
Receivables	569,265	—	98,022	—	667,287
Advances to a subsidiary	—	—	—	905,200,241	905,200,241
Security deposit	99,180	—	—	—	99,180
	12,607,495	502,386,566	98,022	905,200,241	1,420,292,324
Financial Liabilities					
Other financial liabilities:					
Accounts payable and other liabilities**	—	698,161	—	—	698,161
Liquidity position	₱12,607,495	501,688,405	₱98,022	₱905,200,241	₱1,419,594,163

**Excludes statutory payables.

Equity Price Risk

Equity price risk is the likelihood that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stocks, as well as its investments in UITF which are managed by professional fund managers and are invested in various financial instruments such as money market securities, bonds, equity securities. The equity price risk exposure arises from the Parent's equity investments at FVTOCI and financial assets at FVTPL. The Parent measures the sensitivity of its domestic equity investments at FVTOCI by using stock market index fluctuations and its effect to respective share prices. The Parent also closely monitors the performance of its UITF investments, as measured in net asset value per unit (NAVPU).

In 2021 and 2020, changes in fair value of financial assets as FVTPL and equity instruments held as equity investments at FVTOCI due to a reasonably possible change in equity interest, with all other variables held constant, will increase net income by ₱2.88 million (nil in 2020), and other comprehensive income by ₱5.56 million and ₱4.40 million, respectively, if equity prices will increase by 10%. An equal change in the opposite direction would have decreased equity by the same amount.



Foreign Currency Risk

Foreign currency risk is the risk where the value of the financial instruments diminishes due to changes in foreign exchange rates. The Parent Company's foreign currency risk relates to its US\$-denominated cash. The Parent Company seeks to mitigate the effect of its currency exposure by matching the level of return on investment with the magnitude of foreign exchange fluctuation. Management closely monitors the fluctuations in exchange rates so as to anticipate the impact of foreign currency risks associated with the financial instruments. The Parent Company currently does not enter into derivative transactions to hedge its currency exposure.

The Parent Company's significant US\$-denominated financial asset as of December 31, 2021 and 2020 pertains to cash in bank which both amounted to US\$0.1 million. Translated Peso balances of this US\$-denominated cash as of December 31, 2021 and 2020 amounted to ₱6.35 million and ₱6.0 million, respectively.

The Parent Company recognized foreign exchange gain of ₱0.37 million in 2021 and foreign exchange loss ₱0.32 million in 2020. The exchange rate of Peso to US\$ as of December 31, 2021 and 2020 used in translating the US\$-denominated financial instruments is ₱51.00 and ₱48.02, respectively.

The following table demonstrates the impact on the Parent Company's net income or loss before income tax of reasonably possible changes in the US\$ (all other variables held constant). There is no other impact on the Parent Company's equity other than those already affecting profit or loss as follows:

2021		2020	
Movement in US\$ rates	Effect on net loss	Movement in US\$ rates	Effect on net income
+6%	₱393,590	+5%	₱308,879
-6%	(393,590)	-5%	(308,879)

Fair Values of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash and cash equivalents, Short-term investments, Receivables, Security deposit and Accounts payable and other liabilities

The carrying amounts of cash and cash equivalents, receivables and accounts payable and other liabilities (excluding statutory payables) approximate their fair values due to the short-term maturities of these financial instruments.

Financial Assets at FVTPL/Equity Instruments at FVTOCI

Fair value of financial assets at FVTPL/equity instruments at FVTOCI are based on closing prices, published price and net asset value per unit as of the reporting date.

Fair Value Hierarchy

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

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



The Parent Company's financial instrument carried at fair value consists of investments in FVTOCI and financial assets at FVTPL.

Investments in FVTOCI includes listed equity investments amounting to ₱11.20 million and ₱9.62 million as of December 31, 2021 and 2020, respectively, which the fair value has been determined by reference to the price of the most recent transaction at the end of reporting period (Level 1). The Parent Company's financial instruments carried at fair value measured under Level 2 include golf club shares amounting to ₱44.35 million and ₱34.25 million as at December 31, 2021 and 2020, respectively which have been determined by reference to published price quotation which has been determined by reference to net asset value per unit at the end of reporting period.

Financial assets at FVTPL include investments in UITF amounting to ₱28.75 million as of December 31, 2021 is measured in NAVPU (Level 2).

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

Capital Management

The primary objective of the Parent 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 stockholder value.

The Parent 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 Parent Company may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2021 and 2020.

The following table pertains to the account balances which the Parent Company considers as its core economic capital:

	2021	2020
Common stock	₱601,389,569	₱601,389,569
Subscribed common stock - net of subscription receivable	76,292,500	76,292,500
Additional paid-in capital	72,272,140	72,272,140
Retained earnings	1,023,359,001	1,030,765,213
Treasury stock	(4,961,650)	(4,961,650)
	₱1,768,351,560	₱1,775,757,772

17. Basic/Diluted Loss Per Share

	2021	2020
Net loss	(₱7,406,212)	(₱3,567,446)
Weighted average number of outstanding shares	901,920,569	901,920,569
Basic/Diluted Loss per Share	(₱0.0082)	(₱0.0040)

There are no dilutive potential common shares outstanding as of December 31, 2021 and 2020.



18. Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010

In compliance with Bureau of Internal Revenue (BIR) RR No. 15-2010 issued on November 25, 2010, hereunder are the information on taxes, duties and license fees paid or accrued by the Parent Company in 2021:

Input VAT

Balance at beginning of year	₱1,967,356
Current year's domestic purchases for:	
Goods other than for resale or manufacture	20,759
Services lodged under other accounts	207,062
Balance at end of year	₱2,195,177

The Parent Company has no sales subject to VAT of 12% for the year ended December 31, 2021.

Other Taxes and Licenses

In 2021, other taxes and licenses include all other taxes, local and national, including licenses and permit fees lodged under the taxes and licenses account under the costs and expenses section in the parent company statement of comprehensive income:

License and permit fees	₱250,500
Documentary stamp tax	3,996
Community tax certificate	2,949
Others	33,541
	₱290,986

Withholding Taxes

Tax on compensation and benefits	₱339,356
Expanded withholding tax	188,329
	₱527,685

Tax Assessment and Cases

The Parent Company has no tax cases and amounts involved, under preliminary investigation, litigation and prosecution in courts or bodies outside the BIR. The Company has not received any Final Assessment Notice or Formal Letter of Demand from the BIR in any of the open years as at December 31, 2021.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
SOCResources, Inc.
4th Floor Enzo Building
399 Senator Gil Puyat Avenue
Makati City 1200

We have audited the accompanying parent financial statements of SOCResources, Inc. (the Company), as at December 31, 2021 and for the year then ended, on which we have rendered the attached report dated May 16, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the above company has 358 stockholders owning 100 or more shares each.

SYCIP GORRES VELAYO & CO.



Albert R. Bon

Partner

CPA Certificate No. 0121479

Tax Identification No. 255-491-830

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 121479-SEC (Group A)

Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-135-2020, January 31, 2020, valid until January 30, 2023

PTR No. 8853475, January 3, 2022, Makati City

May 16, 2022



**INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION
OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION**

The Stockholders and the Board of Directors
SOCResources, Inc.
4th Floor Enzo Building
399 Senator Gil Puyat Avenue
Makati City 1200

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of SOCResources, Inc. (the Company) as at December 31, 2021 and 2020, and have issued our report thereon dated May 16, 2022. Our audits were made for the purpose of forming an opinion on the basic parent company financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic parent company financial statements. This has been subjected to the auditing procedures applied in the audit of the basic parent company financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Albert R. Bon

Partner

CPA Certificate No. 0121479

Tax Identification No. 255-491-830

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 121479-SEC (Group A)

Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-135-2020, January 31, 2020, valid until January 30, 2023

PTR No. 8853475, January 3, 2022, Makati City

May 16, 2022



SOCRESOURCES, INC.

**SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

Unappropriated retained earnings, beginning	₱285,765,213
Less: Treasury shares	(4,961,650)
Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning	280,803,563
Net loss during the period closed to retained earnings	(7,406,212)
TOTAL RETAINED EARNINGS, AS ADJUSTED TO AVAILABLE FOR DIVIDEND DECLARATION, END	₱273,397,351
