C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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C O M P A N Y   N A M E

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

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
socinfo@socres.com.ph	(02) 8804-1978	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
357	05/25	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ronna C. De Leon	info@socres.com.ph	(02) 8804-1977	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.*

SGV
Building a better working world

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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, 2022 and 2021, 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, 2022 and 2021, 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

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. 08-001998-135-2023, January 25, 2023, valid until January 24, 2026
PTR No. 9369785, January 3, 2023, Makati City

May 2, 2023

SOCRESOURCES, INC.
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱496,729,144**	₱286,283,898
Short-term investments (Note 4)	**–**	187,677,472
Receivables (Note 5)	**5,214,537**	4,535,309
Prepayments and other current assets (Note 6)	**6,104,459**	5,979,679
Total Current Assets	**508,048,140**	484,476,358
Noncurrent Assets		
Equity investments at fair value through other comprehensive income (FVTOCI) (Note 7)	**64,254,214**	55,553,235
Financial assets at fair value through profit or loss (FVTPL) (Note 7)	**–**	28,751,199
Advances to and investments in subsidiaries (Notes 8 and 13)	**1,230,623,116**	1,230,623,116
Property and equipment (Note 9)	**247,405**	688,240
Other noncurrent assets (Note 6)	**3,960,809**	3,075,254
Total Noncurrent Assets	**1,299,085,544**	1,318,691,044
TOTAL ASSETS	**₱1,807,133,684**	₱1,803,167,402
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities (Note 10)	**₱698,119**	₱646,141
Noncurrent Liabilities		
Retirement benefits obligation (Note 11)	**7,509,525**	7,671,097
Deferred tax liabilities (Note 12)	**6,273,692**	4,869,710
Total Noncurrent Liabilities	**13,783,217**	12,540,807
Total Liabilities	**14,481,336**	13,186,948
Equity		
Common stock (Note 14)		
Issued	**601,389,568**	601,389,568
Subscribed	**76,292,500**	76,292,500
Additional paid-in capital	**72,272,141**	72,272,141
Retained earnings:		
Appropriated	**745,000,000**	745,000,000
Unappropriated	**272,878,332**	278,359,001
Other comprehensive income (Notes 7 and 11)	**29,781,457**	21,628,894
Treasury stock (Note 14)	**(4,961,650)**	(4,961,650)
Equity	**1,792,652,348**	1,789,980,454
TOTAL LIABILITIES AND EQUITY	**₱1,807,133,684**	₱1,803,167,402

See accompanying Notes to Parent Company Financial Statements.

SOCRESOURCES, INC.
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
INCOME		
Interest income (Notes 4)	**₱6,713,653**	₱4,418,966
Foreign exchange gains - net	**592,196**	370,518
Dividend income (Note 7)	**115,615**	140,715
Gain on redemption of financial assets at FVTPL (Note 7)	**89,409**	–
Gain on fair value change of financial assets at FVTPL (Note 7)	**–**	246,990
	7,510,873	5,177,189
COSTS, EXPENSES and OTHER CHARGES		
Personnel costs	**(4,474,591)**	(4,218,468)
Professional fees	**(2,779,576)**	(3,049,631)
Travel and transportation	**(2,202,082)**	(2,152,414)
Research and development costs	**(574,674)**	(164,898)
Depreciation and amortization (Note 9)	**(574,615)**	(676,042)
Telecommunications and postage	**(316,573)**	(302,474)
Taxes and licenses	**(769,347)**	(290,986)
Short-term lease (Note 15)	**(261,000)**	(261,000)
Repairs and maintenance	**(113,880)**	(43,020)
Dues and subscription	**(112,915)**	(113,925)
Supplies	**(110,627)**	(99,342)
Exploration cost	**(47,915)**	(633,512)
Trainings and seminars	**(34,651)**	(31,320)
Entertainment and representation	**(16,505)**	(9,221)
Utilities	**(1,925)**	(40,302)
Others	**(501,831)**	(496,846)
	(12,892,707)	(12,583,401)
LOSS BEFORE INCOME TAX	**(5,381,834)**	(7,406,212)
PROVISION FOR INCOME TAX – Deferred (Note 12)	**(98,835)**	–
NET LOSS	**(5,480,669)**	(7,406,212)
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:		
Unrealized valuation gains on equity investments at FVTOCI (Note 7)	**7,395,832**	10,157,553
Actuarial gain (loss) on defined benefit plan (Note 11)	**756,731**	(1,935,805)
	8,152,563	8,221,748
TOTAL COMPREHENSIVE INCOME	**₱2,671,894**	₱815,536
Basic/Diluted Loss Per Share (Note 17)	**₱0.0061**	₱0.0082

See accompanying Notes to Parent Company Financial Statements

SOCRESOURCES, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Common Stock (Note 14)		Additional	Retained Earnings (Note 14)		Other Comprehensive Income at FVTOCI	Accumulated Remeasurement on Retirement Benefits Obligation	Treasury Stock	
	Issued	Subscribed	Paid-in Capital	Appropriated	Unappropriated	(Note 7)	(Note 11)	(Note 14)	Total
BALANCES AT DECEMBER 31, 2020	**₱601,389,568**	**₱76,292,500**	**₱72,272,141**	**₱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	**601,389,568**	**76,292,500**	**72,272,141**	**745,000,000**	**278,359,001**	**23,535,354**	**(1,906,460)**	**(4,961,650)**	**1,789,980,454**
Net loss	–	–	–	–	(5,480,669)	–		–	(5,480,669)
Other comprehensive income	–	–	–	–	–	7,395,832	756,731	–	8,152,563
Total comprehensive income (loss)	–	–	–	–	(5,480,669)	7,395,832	756,731	–	2,671,894
BALANCES AT DECEMBER 31, 2022	**₱601,389,568**	**₱76,292,500**	**₱72,272,141**	**₱745,000,000**	**₱272,878,332**	**₱30,931,186**	**(₱1,149,729)**	**(₱4,961,650)**	**₱1,792,652,348**

See accompanying Notes to Parent Company Financial Statements.

SOCRESOURCES, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱5,381,834)**	(₱7,406,212)
Adjustments for:		
Depreciation and amortization (Note 9)	**574,615**	676,042
Interest income (Note 4)	**(6,713,653)**	(4,418,966)
Dividend income (Note 7)	**(115,615)**	(140,715)
Gain fair value change of financial assets at FVTPL (Note 7)	**–**	(246,990)
Gain on redemption of unit investment trust fund	**(89,409)**	–
Unrealized foreign exchange gains - net	**(592,196)**	(370,518)
Retirement benefit expense (Note 11)	**595,159**	393,745
Operating loss before working capital changes	**(11,722,933)**	(11,513,614)
Changes in:		
Receivables	**(63,712)**	(56,476)
Prepayments and other assets	**(124,780)**	(357,716)
Accounts payable and other liabilities	**51,978**	(74,628)
Cash used in operations	**(11,859,447)**	(12,002,434)
Interest received	**6,173,582**	4,661,041
Net cash flows used in operating activities	**(5,685,865)**	(7,341,393)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
Short-term investments (Note 4)	**–**	(187,677,472)
Investment in FVTPL (Note 7)	**–**	(28,504,209)
Investment in SOCBluemoon, Inc. (Note 8)	**–**	(3,124,875)
Property and equipment (Note 9)	**(133,780)**	(37,371)
Advances for agricultural projects (Note 6)	**(885,555)**	(1,857,492)
Proceeds from:		
Maturity of short-term investments (Note 4)	**187,677,472**	–
Redemption of unit investment trust fund (Note 7)	**28,840,608**	–
Dividends received (Note 7)	**40,170**	130,576
Net cash from (used in) investing activities	**215,538,915**	(221,070,843)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**592,196**	370,518
NET INCRASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**210,445,246**	(228,041,718)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**286,283,898**	514,325,616
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱496,729,144**	₱286,283,898

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 SOCBluemoon, Inc. (SOCBluemoon).

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

SOCBluemoon 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, 2022 and 2021 and for the years then ended were approved and authorized for issue by the BOD on May 2, 2023.

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.

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 Interpretation

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Except as otherwise indicated, the adoption of these new and amended standards did not have any significant impact on the Parent Company's financial statements.

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, Business Combinations 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.

- Amendments to Philippine Accounting Standard (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.

- Amendments to PAS 37*, Provisions, Contingent Liabilities and Contingent Assets, 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.

- *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 in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments*, *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.

- 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.

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 financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- 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. The Parent Company is currently assessing the impact of this amendment to its consolidated financial statements.

- Amendments to PAS 8, *Accounting Policies, 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 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.

Effective beginning on or after January 1, 2024

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

  The amendments clarify:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - 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, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Leases*, *Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

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, *Investment in Associate 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 and Sustainability 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, 2022 financial statements. Additional disclosures required by these amendments will be included in the 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, 2022 and 2021, 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 Parent 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, 2022 and 2021, 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 include 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, 2022, 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, 2022 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:

Category	Number of Years
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, 2022, the Parent Company's investments in subsidiaries pertain to its investments in SOC Land and SOCBluemoon

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, 2022 and 2021, 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, 2022 and 2021 amounted to ₱0.60 million and ₱0.39 million, respectively. Retirement benefits liability amounted to ₱7.51 million and ₱7.67 million as at December 31, 2022 and 2021, 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, 2022 and 2021, 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

	2022	2021
Cash on hand	**₱20,000**	₱20,000
Cash in banks	**144,651,544**	9,833,317
Cash equivalents	**352,057,600**	276,430,581
	₱496,729,144	₱286,283,898

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 ₱6.11 million and ₱1.63 million in 2022 and 2021, respectively. Outstanding accrued interest receivable related to the cash equivalents amounted to ₱0.61 million and ₱0.07 million as of December 31, 2022 and 2021, respectively (see Note 5).

b. Short-term investments

As of December 31, 2021, the Parent Company 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 ₱0.60 million in 2022 and ₱2.79 million in 2021.

5. Receivables

	2022	2021
Advances to officers and employees	**₱4,158,551**	₱4,095,639
Accrued interest (Note 4)	**610,816**	70,745
Due from a related party (Note 13)	**271,703**	270,903
Others	**173,467**	98,022
	₱5,214,537	₱4,535,309

Receivables from officers and employees pertain to advances which are settled through liquidation.

Other receivables as of December 31, 2022 and 2021 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 2022 and 2021. 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

	2022	2021
Prepayments	**₱3,558,258**	₱3,508,079
Input VAT	**2,407,861**	2,195,177
Security deposit (Note 15)	**99,180**	99,180
Supplies	**38,163**	36,527
Others	**997**	140,716
	₱6,104,459	₱5,979,679

a. Prepayments consists of prepaid taxes and insurance.

b. Other Noncurrent Assets

Other noncurrent assets include advances for agricultural projects amounted to ₱3.96 million and ₱3.08 million as of December 31, 2022 and 2021, respectively.

7. Equity Investments at FVTOCI and Financial Assets at FVTPL

a. Equity Investments at FVTOCI

	2022	2021
Golf club shares	**₱55,500,000**	₱44,350,000
Listed equity investments	**8,754,214**	11,203,235
	₱64,254,214	₱55,553,235

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 ₱0.12 million and ₱0.14 million in 2022 and 2021, 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):

	2022	2021
Balance at beginning of year	**₱23,535,354**	₱13,377,801
Fair value adjustments	**7,395,832**	10,157,553
Balances at end of year	**₱30,931,186**	₱23,535,354

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, 2022 follows:

Balance at beginning of year	₱28,751,199
Redemption	(28,751,199)
Balances at end of year	₱–

The Company recognized a gain on redemption of financial assets at FVTPL in the parent company statement of comprehensive income in 2022.

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 SOCBluemoon (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 2nd Floor Enzo Building, 399 Senator Gil Puyat Avenue, Makati City.

SOCBluemoon. SOCBluemoon 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 SOCBluemoon's authorized capital stock, or ₱12.50 million, out of which the Parent Company already paid ₱3.12 million.

The principal office of SOCBluemoon 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, 2022 and 2021 are as follows:

	2022	2021
Investments in subsidiaries	**₱325,422,875**	₱325,422,875
Advances	**905,200,241**	905,200,241
	₱1,230,623,116	₱1,230,623,116

Movement in the Parent Company's investments in subsidiaries follows:

	2022	2021
Beginning balance	**₱325,422,875**	₱322,298,000*
Subscriptions:		
Beginning balance	**–**	12,500,000
Outstanding subscriptions payable	**–**	(9,375,125)
Partly paid subscriptions	**–**	3,124,875
Ending balance	**₱325,422,875**	₱325,422,875

9. Property and Equipment

December 31, 2022

	Transportation Equipment	**Office Furniture and Equipment**	**Leasehold Improvements**	**Total**
Cost				
Balances at beginning of year	**₱14,407,873**	**₱3,794,244**	**₱677,107**	**₱18,879,224**
Additions	**–**	**133,780**	**–**	**133,780**
Balances at end of year	**14,407,873**	**3,928,024**	**677,107**	**19,013,004**
Accumulated depreciation and amortization				
Balances at beginning of year	**14,186,275**	**3,327,602**	**677,107**	**18,190,984**
Depreciation and amortization	**212,036**	**362,579**	**–**	**574,615**
Balances at end of year	**14,398,311**	**3,690,181**	**677,107**	**18,765,599**
Net book values	**₱9,562**	**₱237,843**	**₱–**	**₱247,405**

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

As of December 31, 2022 and 2021, the cost of fully depreciated property and equipment amounted to ₱15.08 million. These are retained in the records and still used by the Parent Company until these are disposed.

10. **Accounts Payable and Other Liabilities**

	2022	2021
Accrued expenses	**₱619,430**	₱584,055
Accounts payable	**–**	23,340
Statutory payables	**78,689**	38,746
	₱698,119	₱646,141

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. **Accounts Payable and Other Liabilities**

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, 2022.

The following tables summarize the components of retirement benefit expense:

	2022	2021
Current service cost	**₱303,657**	₱217,474
Interest cost	**291,502**	176,271
	₱595,159	₱393,745

The Parent Company recognized in other comprehensive income an actuarial gain of ₱756,731 in 2022 and an actuarial loss of ₱1,935,805 in 2021.

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

	2022	2021
Beginning defined benefit obligation	**₱7,671,097**	₱5,341,547
Current service cost	**303,657**	217,474
Interest cost	**291,502**	176,271
Actuarial loss (gain) due to:		
Experience adjustments	**(294,007)**	2,034,414
Changes in financial assumptions	**(462,724)**	(98,609)
Ending defined benefit obligation	**₱7,509,525**	₱7,671,097

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:

	2022	2021
Discount rate	**3.80%**	3.30%
Future salary increase	**3.00%**	3.00%

The discount rate and projected salary increase rate as of December 31, 2022 are 6.60% 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, 2022

	Increase (decrease) in basis points (bps)	**Increase (decrease) in defined benefit obligation**
Discount rates	**100 bps**	**(₱130,346)**
	(100) bps	**146,388**
Future salary increases	**100 bps**	**150,283**
	(100) bps	**(135,896)**

December 31, 2021

	Increase (decrease) in basis points (bps)	Increase (decrease) in defined benefit obligation
Discount rates	100 bps	(₱176,543)
	(100) bps	205,224
Future salary increases	100 bps	204,798
	(100) bps	(179,438)

Shown below is the maturity analysis of the undiscounted expected benefit payments:

	2022	2021
Less than one year	₱7,879,155	₱7,627,411
More than 10 years to 30 years	3,505,978	3,545,500

The estimated weighted average duration of the defined benefit obligations is 3.2 years and 4.7 years as at December 31, 2022 and 2021, 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:

	2022	2021
Benefit from income tax at statutory tax rate at 25%	**(₱1,345,459)**	(₱1,851,553)
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	**2,655,839**	2,417,161
Interest income subjected to final tax	**(1,678,413)**	(1,104,742)
Nondeductible expenses	**495,773**	574,313
Nontaxable dividend income	**(28,905)**	(35,179)
Provision for income tax	**₱98,835**	₱–

b. As of December 31, 2022 and 2021, 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 and unrealized foreign exchange gains amounting to ₱7.14 million and ₱4.87 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:

	2022		2021	
	Gross Amount	**Tax Effect**	Gross Amount	Tax Effect
NOLCO	**₱28,744,098**	**₱7,668,295**	₱31,843,943	₱7,960,986
Retirement benefits obligation	**7,509,525**	**1,877,381**	7,671,097	1,917,774
Unrealized foreign exchange loss	–	–	196,855	48,964
	₱36,253,623	**₱9,545,676**	₱39,711,895	₱9,927,724

c. As of December 31, 2022, the Parent Company incurred NOLCO before taxable year 2020 and after taxayble year 2021 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years.

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.

Profile of the Company's NOLCO follows:

Year Incurred	Balance as of December 31, 2021	Addition	Expiration	Utilization	Balance as of December 31, 2022	Tax effect	Available Until
2018	₱12,839,075	₱–	₱12,839,075	₱–	₱–	₱–	2021
2019	13,010,731	–	13,010,731	–	–	–	2022
2020	9,187,799	–	–	–	9,187,799	2,296,950	2025
2021	9,645,413	–	–	–	9,645,413	2,411,353	2026
2022	–	9,910,886	–	–	9,910,886	2,477,722	2025
	₱44,683,018	₱9,910,886	₱25,849,806	₱–	₱28,744,098	₱7,186,025	

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			
	2022	2021	**2022**	2021	Terms	Conditions
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)	**800**	14,458	**271,703**	270,903	Due and demandable; noninterest bearing	Unsecured; No impairment
Total	**₱800**	₱14,458	**₱905,471,944**	₱905,471,144		

a. 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.

b. 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.

c. Short-term employee benefits of key management personnel amounted to ₱2.70 million and ₱2.68 million in 2022 and 2021, 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, 2022 and 2021 are as follows:

	No. of Shares	Amount
Authorized - ₱1 par value	₱1,000,000,000	₱1,000,000,000
Issued	₱601,389,568	₱601,389,568
Subscribed*	305,170,000	305,170,000
Treasury - at cost	(4,961,650)	(4,961,650)
Total issued and outstanding	₱901,597,918	₱901,597,918

**Includes subscription receivable amounting to ₱228.88 million as of December 31, 2022 and 2021.*

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 357 shareholders as at December 31, 2022 and 2021.

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, 2022 and 2021, 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 2022 and 2021.

There are no future minimum lease payments as of December 31, 2022 and 2021.

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, 2022 and 2021 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:

	2022						
	Current			Past Due			
	Minimal Risk	Average Risk	High Risk	1-90 Days	More than 90 days	Credit Impaired	Total
Financial assets							
Cash and cash equivalents*	**₱496,709,144**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱496,709,144**
Short-term investments	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Receivables							
Accrued interest	**610,816**	**–**	**–**	**–**	**–**	**–**	**610,816**
Due from a related party	**271,703**	**–**	**–**	**–**	**–**	**–**	**271,703**
Other receivables	**173,467**	**–**	**–**	**–**	**–**	**–**	**173,467**
Security deposits	**99,180**	**–**	**–**	**–**	**–**	**–**	**99,180**
	₱497,864,310	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱497,864,310**

**Excludes cash on hand.*

	2021						
	Current			Past Due			
	Minimal Risk	Average Risk	High Risk	1-90 Days	More than 90 days	Credit Impaired	Total
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.*

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 2022 and 2021 using the ECL model was 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, 2022:

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial Assets					
Cash and cash equivalents	**₱144,671,544**	**₱352,057,600**	**₱–**	**₱–**	**₱496,729,144**
Loans and receivables:					
Receivables	**882,519**	**–**	**173,467**		**1,055,986**
Advances to a subsidiary	**–**	**–**	**–**	**905,200,241**	**905,200,241**
Security deposit	**99,180**	**–**	**–**	**–**	**99,180**
	145,653,243	**352,057,600**	**173,467**	**905,200,241**	**1,403,084,551**
Financial Liabilities					
Other financial liabilities:					
Accounts payable and other liabilities**	**–**	**619,430**	**–**	**–**	**619,430**
Liquidity position	**₱145,653,243**	**₱351,438,170**	**₱173,467**	**₱905,200,241**	**₱1,402,465,121**

***Excludes statutory payables.*

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.*

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 2022 and 2021, 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 nil (₱2.88 million in 2021), and other comprehensive income by ₱6.42 million and ₱5.56 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, 2022 and 2021 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, 2022 and 2021 amounted to ₱6.95 million and ₱6.35 million, respectively.

The Parent Company recognized foreign exchange gains of ₱0.59 million in 2022 and ₱0.37 million in 2021. The exchange rate of Peso to US$ as of December 31, 2022 and 2021 used in translating the US$-denominated financial instruments is ₱55.76 and ₱51.00, 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:

2022		2021	
Movement in US$ rates	**Effect on net loss**	Movement in US$ rates	Effect on net income
+9%	**₱648,044**	+6%	₱393,590
-9%	**(648,044)**	-6%	(393,590)

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 instruments carried at fair value consist of investments in FVTOCI and financial assets at FVTPL.

Investments in FVTOCI include listed equity investments amounting to ₱8.75 million and ₱11.20 million as of December 31, 2022 and 2021, 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 ₱55.50 million and ₱44.35 million as at December 31, 2022 and 2021, respectively, which have been determined by reference to published price quotation at the end of reporting period.

Financial assets at FVTPL include investments in UITF amounting to ₱28.75 million as of December 31, 2021, which was measured based on net asset value per unit(Level 2) (nil as of December 31, 2022).

As of December 31, 2022 and 2021, 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 2022 and 2021.

The following table pertains to the account balances which the Parent Company considers as its core economic capital:

	2022	2021
Common stock	**₱601,389,568**	₱601,389,568
Subscribed common stock - net of subscription receivable	**76,292,500**	76,292,500
Additional paid-in capital	**72,272,141**	72,272,141
Retained earnings	**1,017,878,332**	1,023,359,001
Treasury stock	**(4,961,650)**	(4,961,650)
	₱1,762,870,891	₱1,768,351,560

17. Basic/Diluted Loss Per Share

	2022	2021
Net loss	**(₱5,480,669)**	(₱7,406,212)
Weighted average number of outstanding shares	**901,920,568**	901,920,568
Basic/Diluted Loss per Share	**(₱0.0061)**	(₱0.0082)

There are no dilutive potential common shares outstanding as of December 31, 2022 and 2021.

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 2022:

Input VAT

Balance at beginning of year	₱2,195,177
Current year's domestic purchases for:	
Goods other than for resale or manufacture	6,268
Services lodged under other accounts	206,416
Balance at end of year	₱2,407,861

The Parent Company has no sales subject to VAT of 12% for the year ended December 31, 2022.

Other Taxes and Licenses

In 2022 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:

Deficiency taxes paid	₱499,704
License and permit fees	250,500
Documentary stamp tax	2,637
Community tax certificate	2,769
Others	13,737
	₱769,347

Withholding Taxes

Tax on compensation and benefits	₱343,390
Expanded withholding tax	181,786
	₱525,176

Tax Assessment and Cases

In 2022, the Parent Company paid deficiency taxes for taxable year 2020 amounting to ₱499,704.

The Parent Company has no other 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, 2022.

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**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, 2022 and 2021, and have issued our report thereon dated May 2, 2023. 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

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. 08-001998-135-2023, January 25, 2023, valid until January 24, 2026
PTR No. 9369785, January 3, 2023, Makati City

May 2, 2023

A member firm of Ernst & Young Global Limited

SOCRESOURCES, INC.

SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2022

Unappropriated retained earnings available for dividend declaration as at December 31, 2021		₱278,359,001
Add: **Net loss actually during the year**		
Net income earned during the year		(5,480,669)
Less: **Non-actual/unrealized income net of tax:**		
Equity in net income of associate/joint venture	–	
Unrealized foreign exchange gain - (after tax) except those attributable to Cash and Cash Equivalents)	–	
Fair value adjustment (mark-to-market gains)	–	
Fair value adjustment of Investment Property resulting to gain	–	
Adjustment due to deviation from PFRS - gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total	–	
Add: **Non-actual losses**		
Depreciation on revaluation increment (after tax)	–	
Adjustment due to deviation from PFRS - loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Sub-total	–	
Net income actually earned during the period		**272,878,332**
Add (Less):		
Dividends declaration during the period	–	
Appropriations of Retained Earnings during the period	–	
Reversals of appropriations	–	
Effects of prior period adjustments	–	
Treasury shares	(4,961,650)	
Sub-total		(4,961,650)
UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS AT DECEMBER 31, 2022		**₱267,916,682**