SOCResources, Inc.
4th Flr. ENZO Building 399 Senator Gil Puyat Avenue, Makati City
Metro Manila, Philippines 1200

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of SOCResources, Inc. and subsidiary is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Signed under oath by the following:

EDGARDO P. REYES
Chairman/Chief Executive Officer

WILFRIDO P. REYES
President

BELEN R. CASTRO
Vice President/Treasurer

ZOSIMO L. PADRO, JR.
Vice President - Finance

SUBSCRIBED AND SWORN to before me this MAY 02 2023 day of _____ 2022 affiants exhibiting to me their valid government issued identification as follows:

MAKATI CITY

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

Doc. No.: 146;
Page No.: 31;
Book No.: 47;
Series of _____.

ATTY. GEORGE DAVID D. SITON
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-61 - UNTIL DEC. 31, 2023
ROLL NO. 68402 / MCLE COMPLIANCE NO. VII-0010136/2-15-2022
IBP O.R No.002202-LIFETIME MEMBER MAY 5, 2017
PTR No. MKT 9565580- JAN 03, 2023-MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR. JUPITER ST., MAKATI CITY

Notary Public

Telephone No. 8804-1978 * Telefax No. 8804-1977

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	2	-	0	6	4	4	1

COMPANY NAME

SOCRESOURCES, INC. AND SUBSIDIARIES

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
AACFS	CRMD	N/A

COMPANY INFORMATION

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	06/17	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.*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of SOCResources, Inc. and Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group as of December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2022 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue Recognition

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

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

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

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

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

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

Audit Response

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

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

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

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

SYCIP GORRES VELAYO & CO.

Albert R. Bon
Partner
CPA Certificate No. 0121479
Tax Identification No. 255-491-830
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 121479-SEC (Group A)
Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-135-2023, January 25, 2023, valid until January 24, 2026
PTR No. 9369785, January 3, 2023, Makati City

May 2, 2023

SOCRESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱749,297,686**	₱491,205,716
Short-term investments (Note 5)	**–**	187,677,472
Receivables (Note 6)	**32,984,952**	24,771,579
Contract assets and costs to obtain contracts - current portion (Note 22)	**40,649,073**	51,402,262
Real estate inventories (Note 7)	**1,069,895,239**	1,014,769,820
Prepayments and other current assets (Note 8)	**43,580,382**	47,993,196
Total Current Assets	**1,936,407,332**	1,817,820,045
Noncurrent Assets		
Equity investments at fair value through other comprehensive income (FVTOCI) (Note 9)	**64,254,214**	55,553,235
Financial assets at fair value through profit or loss (FVTPL) (Note 10)	**–**	28,751,199
Contract assets and costs to obtain contracts - net of current portion (Note 22)	**47,937,143**	45,541,054
Property and equipment (Note 11)	**30,960,665**	33,756,828
Deferred income tax assets - net (Note 18)	**16,068,787**	13,855,754
Other noncurrent assets (Note 12)	**2,964,651**	8,502,201
Total Noncurrent Assets	**162,185,460**	185,960,271
TOTAL ASSETS	**₱2,098,592,792**	₱2,003,780,316
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities (Note 13)	**₱78,898,609**	₱71,352,195
Contract liabilities (Note 22)	**140,434,549**	99,737,979
Total Current Liabilities	**219,333,158**	171,090,174
Noncurrent Liabilities		
Retirement benefit obligation (Note 17)	**8,985,391**	9,029,148
Deferred income tax liabilities - net (Note 18)	**6,273,692**	4,869,710
Contract liabilities - net of current portion (Note 22)	**174,602,873**	168,867,098
Total Noncurrent Liabilities	**189,861,956**	182,765,956
Total Liabilities	**409,195,114**	353,856,130
Equity (Note 20)		
Common stock		
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	**168,766,749**	137,668,030
Other comprehensive income (Notes 9 and 17)	**30,638,370**	22,263,597
Treasury stock	**(4,961,650)**	(4,961,650)
Equity	**1,689,397,678**	1,649,924,186
TOTAL LIABILITIES AND EQUITY	**₱2,098,592,792**	₱2,003,780,316

See accompanying Notes to Consolidated Financial Statements.

SOCRESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUE FROM REAL ESTATE SALES (Note 22)	**₱176,623,820**	₱310,774,950	₱51,046,755
OTHER INCOME - net			
Interest income (Notes 4, 5 and 6)	**11,208,033**	8,637,248	12,312,471
Dividend income (Note 9)	**115,615**	140,715	124,890
Gain on fair value change of financial assets at FVTPL (Note 10)	**89,409**	246,990	–
Foreign exchange gain - net	**592,196**	370,518	–
Other income - net (Note 16)	**30,105,766**	–	9,435,001
	42,111,019	9,395,471	21,872,362
COSTS, EXPENSES and OTHER CHARGES - net			
Cost of real estate sales (Note 7)	**(105,742,661)**	(186,896,963)	(29,878,217)
General and administrative expenses (Note 14)	**(54,420,178)**	(63,287,843)	(44,306,542)
Sales and marketing expenses (Note 15)	**(15,784,698)**	(23,220,577)	(6,667,281)
Foreign exchange loss - net	**–**	–	(324,901)
Other charges - net (Note 16)	**–**	(8,158,797)	–
	(175,947,537)	(281,564,180)	(81,176,941)
INCOME (LOSS) BEFORE INCOME TAX	**42,787,302**	38,606,241	(8,257,824)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 18)			
Current	**13,876,852**	17,362,301	9,942,115
Deferred	**(2,188,269)**	(2,033,913)	(10,262,293)
	11,688,583	15,328,388	(320,178)
NET INCOME (LOSS)	**31,098,719**	23,277,853	(7,937,646)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Unrealized valuation gains (losses) on equity investments at FVTOCI (Note 9)	**7,395,832**	10,157,553	816,265
Actuarial gain (losses) on defined benefit plan, net of deferred income tax (Note 17)	**978,941**	(1,736,821)	(10,634)
	8,374,773	8,420,732	805,631
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱39,473,492**	₱31,698,585	(₱7,132,015)
Basic/Diluted Earnings (Loss) Per Share (Note 21)	**₱0.0345**	₱0.0258	(₱0.0088)

See accompanying Notes to Consolidated Financial Statements.

SOCRESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Common Stock (Note 20)		Additional	Retained Earnings (Note 20)		Other Comprehensive Income	Treasury Stock	
	Issued	Subscribed	Paid-in Capital	Appropriated	Unappropriated	(Notes 9 and 17)	(Note 20)	Total
BALANCES AT JANUARY 1, 2020	**₱601,389,568**	**₱76,292,500**	**₱72,272,141**	**₱745,000,000**	**₱122,327,823**	**₱13,037,234**	**(₱4,961,650)**	**₱1,625,357,616**
Net loss	–	–	–	–	(7,937,646)	–	–	(7,937,646)
Other comprehensive loss	–	–	–	–	–	805,631	–	805,631
Total comprehensive loss	–	–	–	–	(7,937,646)	805,631	–	(7,132,015)
BALANCES AT DECEMBER 31, 2020	**601,389,568**	**76,292,500**	**72,272,141**	**745,000,000**	**114,390,177**	**13,842,865**	**(4,961,650)**	**1,618,225,601**
Net income	–	–	–	–	23,277,853	–	–	23,277,853
Other comprehensive income	–	–	–	–	–	8,420,732	–	8,420,732
Total comprehensive income (loss)	–	–	–	–	23,277,853	8,420,732	–	31,698,585
BALANCES AT DECEMBER 31, 2021	**601,389,568**	**76,292,500**	**72,272,141**	**745,000,000**	**137,668,030**	**22,263,597**	**(4,961,650)**	**1,649,924,186**
Net income	–	–	–	–	31,098,719	–	–	31,098,719
Other comprehensive income	–	–	–	–	–	8,374,773	–	8,374,773
Total comprehensive income	–	–	–	–	31,098,719	8,374,773	–	39,473,492
BALANCES AT DECEMBER 31, 2022	**₱601,389,568**	**₱76,292,500**	**₱72,272,141**	**₱745,000,000**	**₱168,766,749**	**₱30,638,370**	**(₱4,961,650)**	**₱1,689,397,678**

See accompanying Notes to Consolidated Financial Statements.

SOCRESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱42,787,302**	₱38,606,241	(₱8,257,824)
Adjustments for:			
Depreciation and amortization (Notes 11, 14 and 15)	**3,608,360**	4,282,009	2,545,515
Gain on repossession (Note 16)	**(5,304,368)**	(702,504)	(1,277,600)
Interest income (Notes 4, 5 and 6)	**(11,208,033)**	(8,637,248)	(12,312,471)
Dividend income (Note 9)	**(115,615)**	(140,715)	(124,890)
Gain fair value change of financial assets at FVTPL (Note 10)	**(89,409)**	(246,990)	–
Unrealized foreign exchange losses (gain) – net	**(592,196)**	(370,518)	324,901
Net changes in retirement benefit obligation (Note 17)	**1,009,255**	781,425	790,070
Operating income (loss) before working capital changes	**30,095,296**	33,571,700	(18,312,299)
Decrease (increase) in:			
Receivables	**(7,118,222)**	15,567,000	(10,094,780)
Contract assets	**8,357,099**	(30,928,736)	5,038,760
Real estate inventories	**(49,821,051)**	47,615,823	(2,131,237)
Other current assets	**5,017,717**	7,236,045	4,190,750
Increase (decrease) in:			
Accounts payable and other liabilities	**7,546,414**	15,231,900	(4,061,454)
Contract liabilities	**46,432,345**	28,950,447	60,172,965
Net cash flows generated from operations	**40,509,598**	117,244,179	34,802,705
Interest received	**10,112,882**	8,850,641	12,837,740
Income taxes paid, including creditable withholding taxes	**(8,058,649)**	(15,111,762)	(3,403,170)
Net cash flows from operating activities	**42,563,831**	110,983,058	44,237,275
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Short-term investments (Note 5)	**–**	(187,677,472)	**–**
Financial assets in at FVTPL (Note 10)	**–**	(28,504,209)	**–**
Property and equipment (Note 11)	**(812,197)**	(1,473,064)	(1,150,398)
Payment of advances for agricultural projects (Note 12)	**(885,555)**	(1,857,492)	(1,115,262)
Proceeds from:			
Maturity of short-term investments (Note 4)	**187,677,472**	**–**	**–**
Redemption of financial assets at FVTPL (Note 10)	**28,840,608**	**–**	**–**
Dividends received (Note 9)	**115,615**	140,715	114,750
Net cash flows from (used in) investing activities	**214,935,943**	(219,371,522)	(2,150,910)

(Forward)

	Years Ended December 31		
	2022	2021	2020
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**592,196**	370,518	(324,901)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**258,091,970**	(108,017,946)	41,761,464
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**491,205,716**	599,223,662	557,462,198
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱749,297,686**	₱491,205,716	₱599,223,662

See accompanying Notes to Consolidated Financial Statements.

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

Corporate Information

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

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

Status of Operations

Real Estate Development

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

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

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

it has developed socialized housing project and accomplished corporate social responsibility activities that were duly identified by BOI in conjunction with the entitlement of ITH. The compliance with the socialized housing requirement shall be completed within the ITH entitlement period of SOC Land.

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

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

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

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

As of December 31, 2022, SOC Land is studying the feasibility of developing in other areas such as Baguio City, Manila City and Quezon City, among other places.

Approval and Authorization for Issuance of the Consolidated Financial Statements
The consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 were approved and authorized for issue by the BOD on May 2, 2023.

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

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

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

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

a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04);
b. Treatment of land in the determination of the percentage-of-completion (POC); and
c. Treatment of the uninstalled materials in the determination of POC.

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

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

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

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

Basis of Consolidation

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

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

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

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

Adoption of New or Revised Standards, Amendments to Standards and 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 Group 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 Group'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 Group does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Group 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 Group 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

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

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

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

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

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

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

On July 8, 2021, the SEC issued SEC MC No. 8, series of 2021 amending the transition provision of the above PIC Q&A providing real estate companies the accounting policy option of applying either the full retrospective approach or modified retrospective approach.

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

The Company availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12-D (as amended by PIC Q&A 2020-04) in determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach is applied. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented (full retrospective approach), and the opening balance of retained earnings (full retrospective approach and modified retrospective approach). The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

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

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

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

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

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

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

  The amendments clarify:

  - 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 Group 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 consolidated financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on whether it is current and noncurrent classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities and retirement benefit assets and obligation are classified as noncurrent assets and liabilities, respectively.

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

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

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

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

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

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

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

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

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

Financial Instruments

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

a. Financial assets

Initial recognition and measurement

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

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

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

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

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

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

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

As at December 31, 2022 and 2021, the Group does not have any financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments).

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

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

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

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

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

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

As of December 31, 2021, this category includes the Group's investments in unit investment trust fund (UITF). The fair value of the investment in UITF as of December 31, 2021 is based on the Net Asset Value per Unit (NAVPU) which reflect the current market prices of the instruments that make up the UITF (Level 2) (none as of December 31, 2022).

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

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

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

Cash and Cash Equivalents
Cash includes cash on hand and in banks.

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

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

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

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

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

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

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

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

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

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

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

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

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

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' ECL. Both life time ECL and 12 months' ECL are calculated on either an individual basis or a collective basis, depending on the nature of the financial instruments.

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

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

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

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

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

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

b. Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, liabilities at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

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

Liabilities at amortized cost
This is the category most relevant to the Group. After initial recognition, interest-bearing liabilities at amortized cost are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

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

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position. The Group has currently enforceable right when if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

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

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

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

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

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

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

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

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

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

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

Property and Equipment

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

The initial cost of property and equipment comprises its purchase price including, import duties, nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such equipment when the recognition criteria are met. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

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

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

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

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

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

Impairment of Nonfinancial Assets

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

For nonfinancial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Retirement Benefits Cost

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

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

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

Retirement benefits cost comprise the following:

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

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

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

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

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

Common Stock and Additional Paid-in Capital

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

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

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

Retained Earnings

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

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

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

Revenue Recognition

Revenue from Contract with Customers

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

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

Real estate sales

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

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Income Taxes

Current Income Tax

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

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

Deferred Income Tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax liability is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss. However, deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in subsidiaries.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

Basic/Diluted Earnings (Loss) Per Share

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

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

Foreign Currency-denominated Transactions

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

Leases

The Group as a lessee

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

Short-term leases and Low-value assets

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

Operating leases

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

Provisions

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

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

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

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

3. Significant Accounting Judgments, Estimates and Assumptions

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

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

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

Evaluation of the Probability that the Entity will Collect the Consideration from the Buyer
Part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

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

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

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

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

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

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

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

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

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

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

As of December 31, 2022 and 2021, there were no impairment indicators that would lead to impairment analysis.

Estimates and Assumptions

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

Revenue and Cost Recognition

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

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

Real estate sales and cost of real estate sales amounted to ₱176.62 million and ₱105.74 million in 2022, ₱310.77 million and ₱186.90 million in 2021 and ₱51.05 million and ₱29.88 million in 2020, respectively (see Notes 7 and 22).

Estimation of the Provision for ECL

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

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

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

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

Allowance for ECL is disclosed in Note 6. The carrying values of receivables as of December 31, 2022 and 2021 are disclosed in Note 6. The carrying values of contract assets are disclosed in Note 22.

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

Real estate inventories at cost are disclosed in Note 7. In 2022 and 2021, the Group assessed that the NRV of real estate inventories is higher than cost, hence the Group did not recognize any losses on write-down of real estate inventories (see Note 7).

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

There were no changes in the estimated useful life of property and equipment in 2022 and 2021. The carrying values of depreciable property and equipment are disclosed in Note 11.

Estimation of Retirement Benefits Obligation and Expense
The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions include among others, discount rate and salary increase rate. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and liability in such future period. While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experience and assumptions may materially affect retirement benefits expense and liability. Retirement benefits costs charged to operations and retirement benefits liability are disclosed in Note 17.

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

The Group's recognized deferred income tax assets are disclosed in Note 18.

4. Cash and Cash Equivalents

	2022	2021
Cash on hand	**₱125,000**	₱30,000
Cash in banks	**205,753,607**	60,636,723
Cash equivalents	**543,419,079**	430,538,993
	₱749,297,686	₱491,205,716

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. Interest income earned amounted to ₱9.15 million, ₱2.55 million and ₱9.39 million in 2022, 2021 and 2020, respectively.

5. Short-Term Investments

As of December 31, 2021, the Group has treasury bills amounting to ₱187.68 million which earn interest ranging from 1.29% to 1.47% and will mature in 2022. Interest earned from these investments amounted to ₱0.52 million in 2022 and ₱2.79 million in 2021 (nil in 2020).

6. Receivables

	2022	2021
Installment contract receivables (Note 22)	**₱6,696,137**	₱3,079,472
Advances to:		
Officers and employees	**19,514,737**	19,114,527
Agents	**1,151,791**	1,616,547
Due from a related party (Note 19)	**271,703**	270,903
Accrued interest	**1,215,082**	119,931
Other receivables	**19,135,502**	15,570,199
	47,984,952	39,771,579
Less provision for ECL (Note 14)	**15,000,000**	15,000,000
	₱32,984,952	₱24,771,579

a. Installment contract receivables arises from sale of real estate and is collectible in monthly instalments over a period ranging from one to 10 years which bears monthly interest rates of 14% to 16.0% in 2022 and 2021 computed on the diminishing balance.

Interest income earned amounted to ₱1.54 million, ₱3.29 million and ₱2.92 million in 2022, 2021 and 2020, respectively.

b. Advances to officers and employees are noninterest-bearing and will generally be settled through liquidation and salary deduction, respectively. These receivables will be settled within the next financial year. In 2021, the Group recognized provision for ECL amounting to ₱15.00 million (nil in 2022) (see Note 14).

c. Other receivables consist mostly of receivables from Home Development Mutual Fund (HDMF), and unit owners for electricity and other utilities.

7. Real Estate Inventories

	2022	2021
Condominium and residential units	**₱359,274,409**	₱428,869,754
Subdivision projects for development	**546,675,153**	444,942,850
Lot inventory	**163,945,677**	140,957,216
	₱1,069,895,239	₱1,014,769,820

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

	2022	2021
Balances at beginning of year	**₱1,014,769,820**	₱1,061,683,139
Development costs incurred	**149,176,480**	136,560,140
Disposals recognized as cost of real estate sales	**(105,742,661)**	(186,896,963)
Repossessed inventories	**11,691,600**	3,423,504
Balances at end of year	**₱1,069,895,239**	₱1,014,769,820

8. Prepayments and Other Current Assets

	2022	2021
Input VAT - net of noncurrent portion	**₱26,375,071**	₱29,187,183
Creditable withholding taxes	**11,634,191**	15,201,855
Refundable deposits (Note 26)	**3,224,615**	3,413,881
Advances to suppliers and contractors	**125,433**	68,348
Others	**2,221,072**	121,929
	₱43,580,382	₱47,993,196

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

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

9. Equity Investments at FVTOCI

	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

As of December 31, 2022 and 2021, the Group's equity investments at FVTOCI pertain to investments in golf club shares and shares of stock of various publicly-listed companies. The fair values of the shares of stock are based on the quoted market price that is readily and regularly available in the Philippine Stock Exchange.

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

Dividend income earned from equity investments amounted to ₱0.12 million, ₱0.14 million and ₱0.12 million in 2022, 2021 and 2020, respectively.

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

	2022	2021
Balance at beginning of year	**₱23,535,354**	₱13,377,801
Fair value adjustments	**6,525,734**	10,157,553
Balances at end of year	**₱30,061,088**	₱23,535,354

10. Financial Assets at FVTPL

This account pertains to investment in UITF from China Banking Corporation (CBC), classified and measured as financial assets at FVTPL. The movement of the carrying amounts of financial assets at FVTPL for the year ended December 31, 2022 follows:

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

The Group recognized a gain on redemption of financial assets at FVTPL in the consolidated statement of comprehensive income in 2022 amounting to ₱0.09 million (₱0.25 million in 2021).

11. Property and Equipment

December 31, 2022

	Land	Building	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	**₱16,336,217**	**₱20,377,418**	**₱19,947,136**	**₱16,251,840**	**₱5,718,202**	**₱78,630,813**
Additions	–	–	**705,561**	–	**106,636**	**812,197**
Balances at end of year	**16,336,217**	**20,377,418**	**20,652,697**	**16,251,840**	**5,824,838**	**79,443,010**
Accumulated depreciation						
Balances at beginning of year	–	**9,407,484**	**14,073,206**	**15,675,093**	**5,718,202**	**44,873,985**
Depreciation (Notes 14 and 15)	–	**1,063,116**	**2,104,318**	**425,126**	**15,800**	**3,608,360**
Balances at end of year	–	**10,470,600**	**16,177,524**	**16,100,219**	**5,734,002**	**48,482,345**
Net book values	**₱16,336,217**	**₱9,906,818**	**₱4,475,173**	**₱151,621**	**₱90,836**	**₱30,960,665**

December 31, 2021

	Land	Building	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	₱16,336,217	₱20,377,418	₱18,474,072	₱16,251,840	₱5,718,202	₱77,157,749
Additions	–	–	1,473,064	–	–	1,473,064
Balances at end of year	16,336,217	20,377,418	19,947,136	16,251,840	5,718,202	78,630,813
Accumulated depreciation and amortization						
Balances at beginning of year	–	8,344,368	11,348,883	15,180,523	5,718,202	40,591,976
Depreciation (Notes 14 and 15)	–	1,063,116	2,724,323	494,570	–	4,282,009
Balances at end of year	–	9,407,484	14,073,206	15,675,093	5,718,202	44,873,985
Net book values	₱16,336,217	₱10,969,934	₱5,873,930	₱576,747	₱–	₱33,756,828

As of December 31, 2022 and 2021, the cost of fully depreciated property and equipment amounted to ₱30.27 million and ₱24.29 million, respectively. These are retained in the records and still used by the Group until these are disposed or the Group vacates the leased premises.

12. Other Noncurrent Assets

	2022	2021
Deferred input VAT	**₱2,321,450**	₱5,426,947
Advances for agricultural projects	**643,201**	3,075,254
	₱2,964,651	₱8,502,201

13. Accounts Payable and Other Liabilities

	2022	2021
Accrued contractors' payables	**₱26,725,543**	₱35,891,644
Retention payables (Note 26)	**18,852,929**	2,996,364
Accrued expenses	**16,609,576**	15,842,149
Trade payables	**15,026,519**	15,679,953
Government payables	**1,684,042**	942,085
	₱78,898,609	₱71,352,195

a. Accrued contractors' payables represent accruals for billings of various contractors in relation to the Anuva and Althea Project. These accruals are reclassified to accounts payable once billings are actually received.

b. Trade payable includes billings of various suppliers and contractors for liabilities incurred in relation to the project and office administrative functions. Accounts payable are noninterest-bearing with payment terms which are dependent on the suppliers' or contractors' credit terms, which is generally 30 to 60 days.

c. Accrued expenses are liabilities incurred but not yet billed by the suppliers.

d. Retention payables represent the amount retained by the Group as security for any defects and damages on the construction of its projects arising from or due to faulty workmanship and/or defective contractor-supplied materials before the final acceptance of the Group and the payment of the last billing. Retention payable is expected to be settled within the next financial year.

e. Government payables consist of mandatory contributions and payments to the Social Security System, Philippine Health Insurance Corporation, and the Home Development Mutual Fund, withholding tax payables and are remitted the month following the month of withholding.

14. General and Administrative Expenses

	2022	2021	2020
Personnel costs	**₱19,499,806**	₱20,588,197	₱18,127,970
Travel and transportation	**5,572,881**	5,223,042	5,324,807
Professional fees	**5,066,962**	4,506,868	3,584,315
Repairs and maintenance	**3,760,136**	1,501,664	914,218
Depreciation (Note 11)	**3,608,360**	4,167,731	2,374,098
Taxes and licenses	**2,962,599**	1,154,394	2,465,172
Short-term lease (Note 26)	**2,534,995**	2,678,728	2,573,767
Outside services	**2,195,382**	2,260,155	2,208,215
Research and development expenses	**1,976,232**	308,085	686,178
Dues and subscription	**1,363,366**	1,001,920	962,758
Telecommunications and postage	**950,715**	895,289	1,012,940
Entertainment and representation	**872,684**	129,657	51,793
Supplies	**799,405**	612,139	584,501
Utilities	**605,234**	344,409	519,718
Property management expense	**333,067**	1,208,081	1,169,199
Provision for ECL (Note 6)	–	15,000,000	–
Others	**2,318,354**	1,707,484	1,746,893
	₱54,420,178	₱63,287,843	₱44,306,542

Others include bank charges, insurance charges, exploration cost and costs incurred for trainings and seminars.

Personnel costs consist of:

	2022	2021	2020
Salaries and wages	**₱16,017,485**	₱17,236,759	₱15,019,496
Short term employee benefits	**2,473,066**	2,570,013	2,318,404
Retirement benefits cost (Note 17)	**1,009,255**	781,425	790,070
	₱19,499,806	₱20,588,197	₱18,127,970

15. **Sales and Marketing Expenses**

	2022	2021	2020
Commissions and incentives	**₱10,456,234**	₱19,019,526	₱3,691,984
Consultancy fees	**1,677,493**	1,582,764	1,489,286
Advertising	**1,594,273**	1,366,504	703,360
Product presentation	**1,318,097**	465,450	238,213
Utilities	**377,432**	242,558	261,262
Travel and transportation	**187,317**	174,907	91,434
Depreciation (Note 11)	**–**	114,278	171,417
Others	**173,852**	254,590	20,325
	₱15,784,698	₱23,220,577	₱6,667,281

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

16. **Other Income (Charges)** - net

	2022	2021	2020
Forfeited buyer deposits	**₱27,357,682**	₱10,336,197	₱10,894,562
Input VAT on exempt sales	**(7,379,370)**	(10,756,936)	(3,332,531)
Gain on repossessions	**5,304,368**	702,504	1,277,600
Penalty income and late payment charges	**1,683,923**	1,737,335	1,249,078
Others - net	**3,139,163**	(10,177,897)	(653,708)
	₱30,105,766	(₱8,158,797)	₱9,435,001

a. Forfeited buyer deposits are recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. These pertain to deposits that did not reach the collection threshold.

b. Gain on repossession represents the difference between the fair value of the repossessed inventories and the carrying value of the ICR/contract asset and any amount refundable to the buyer at the date of repossession. This includes the difference between the fair value and original cost of the repossessed inventories upon subsequent resale.

c. Penalties are additional fees imposed on customers due to their failure to make payments on time.

d. Other charges included within "Others - net" mainly pertain deficiency taxes paid and costs related to the incorporation of SOCBluemoon.

17. **Retirement Benefit Obligation**

The Group has an unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. RA No. 7641 ("Retirement Pay Law"), an act amending article 287 of Presidential Decree No. 442 ("Labor Code of the Philippines"), requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The latest actuarial valuation report is as at December 31, 2022.

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

	2022	2021	2020
Current service cost	**₱648,763**	₱558,154	₱527,133
Interest cost	**360,492**	223,271	262,937
	₱1,009,255	₱781,425	₱790,070

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

	2022	2021	2020
Balances at beginning of year	**(₱1,271,756)**	₱465,065	₱475,698
Actuarial gain (losses) during the year	**978,941**	(1,736,821)	(10,633)
Balances at end of year	**(₱292,815)**	(₱1,271,756)	₱465,065

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

	2022	2021
Beginning balances	**₱9,029,148**	₱6,618,727
Current service cost	**648,763**	558,154
Interest cost	**360,491**	223,271
Actuarial loss (gain) due to:		
Experience adjustments	**(213,037)**	1,970,305
Change in assumptions	**(839,974)**	(341,309)
Ending balances	**₱8,985,391**	₱9,029,148

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

	2022	2021
Discount rate	**3.80%-5.08%**	3.30%-3.68%
Future salary increase	**3.00%-5.00%**	3.00%-5.00%

The discount rate and projected salary increase rate as of December 31, 2022 ranged between 6.60%-7.21% and 3.00%-5.00%, respectively.

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

December 31, 2022

	Increase (decrease) in basis points (bps)	**Effect on retirement benefit obligation**
Discount rate	**100 bps**	**(₱273,385)**
	(100 bps)	**309,623**
Future salary increase rate	**100 bps**	**322,823**
	(100 bps)	**(288,884)**

December 31, 2021

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

The estimated weighted average duration of benefit payment range between 3.2-12.71 years and 4.7-15.97 years as of December 31, 2022 and 2021, respectively.

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

	2022	2021
Less than one year	**₱7,879,155**	₱7,627,411
More than one year to 10 years	**1,676,409**	1,676,409
More than 10 years to 30 years	**13,559,235**	13,638,757

18. **Income Taxes**

a. The Parent Company has no provision for current income tax in 2022, 2021 and 2020. SOC Land's current provision for income tax represents RCIT in 2022, 2021 and 2020.

b. Major components of provision for (benefit from) income tax expense for the respective years are:

	2022	2021	2020
For the current financial year:			
Current income tax	**₱13,876,852**	₱18,190,810	₱9,942,115
Effect of change in tax rate - current	**–**	(828,509)	–
	13,876,852	17,362,301	9,942,115
Deferred income tax	**(2,188,269)**	(3,991,068)	(10,262,293)
Effect of change in tax rate - deferred	**–**	1,957,155	–
	(2,188,269)	(2,033,913)	(10,262,293)
Provision for (benefit from) income tax	**₱11,688,583**	₱15,328,388	(₱320,178)

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

	2022	2021	2020
Provision for (benefit from) income tax computed at statutory tax rate 25% in both 2021 and 2022 and 30% in 2020	**₱10,346,607**	₱10,371,032	(₱2,477,347)
Additions to (reductions in) income tax resulting from:			
Nondeductible expenses	**2,655,839**	2,721,682	2,028,185
Movements in deductible temporary differences, NOLCO for which no deferred income tax assets were recognized	**1,131,898**	2,478,908	2,984,453
Interest income subjected to final tax	**(2,416,856)**	(1,336,701)	(2,818,002)
Nontaxable dividend income	**(28,905)**	(35,179)	(37,467)
Change in tax rate as a result of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act			
Current	–	(828,509)	–
Deferred	–	1,957,155	–
Provision for (benefit from) income tax	**₱11,688,583**	₱15,328,388	(₱320,178)

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

	2022	2021
Deferred income taxes recognized in profit or loss		
Deferred income tax assets:		
Difference between tax and book basis of accounting for real estate transactions	**₱18,655,807**	₱15,146,136
Allowance for ECL	**3,750,000**	3,750,000
Retirement benefit obligation	**737,599**	634,075
	23,143,406	19,530,211
Deferred income tax liabilities:		
Gain on repossession	**(6,705,987)**	(5,379,895)
	16,437,419	14,150,316
Deferred income tax liabilities recognized in other comprehensive income:		
Actuarial gains on defined benefit plan	**(368,632)**	(294,562)
	₱16,068,787	₱13,855,754

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

	2022	2021
Deferred income tax liability recognized in profit or loss - Unrealized foreign exchange gain	**(98,835)**	–
Deferred income tax liability recognized in other comprehensive income - Fair value changes of equity investments at FVTOCI	**(6,174,857)**	(4,869,710)
	(₱6,273,692)	(₱4,869,710)

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

	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	–	–	195,855	48,964
	₱36,253,623	**₱9,545,676**	₱39,710,895	₱9,927,724

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

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

Profile of the Parent 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
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
	₱31,843,943	₱9,910,886	₱13,010,731	₱–	₱28,744,098	₱7,186,025	

19. Related Party Disclosures

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

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

	Amount/volume		Outstanding balance			
	2022	2021	**2022**	2021	Terms	Conditions
Entity under common control						
South China Petroleum International (SCPI)						
Due from a related party	**₱800**	₱14,458	**₱271,703**	₱270,903	Due and demandable	Non-interest bearing; Unsecured; Settled in cash; No impairment
Due from officers and directors (included as part of "Advances to officers and employees" under Receivables)	–	–	–	–	Due and demandable	Non-interest bearing; Unsecured; Settled through liquidation; Impaired

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.

In 2021, the Group recognized provision for ECL on due from officers and directors amounting to ₱15.00 million (nil in 2022) (see Note 6).

Compensation of key management personnel is as follows:

	2022	2021	20120
Salaries and short-term benefits	**₱17,314,930**	₱9,289,018	₱7,707,207
Retirement benefits	**414,095**	333,211	185,379
	₱17,729,025	₱9,622,229	₱7,892,586

No other employee benefits were incurred for key management personnel.

20. **Equity**

a. Common Stock

The Parent Company's authorized, issued and outstanding common shares as of December 31, 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.

The Group's retained earnings account includes a restricted amount to the extent of the cost of shares held in treasury amounting to ₱4.96 million as at December 31, 2022 and 2021, and accumulated retained earnings (deficit) of the Parent Company's subsidiaries amounting to (₱104.17 million) and (₱145.78 million) as at December 31, 2022 and 2021, respectively, which are not available for dividend declaration as the subsidiaries are still in a deficit position after considering reconciling items to arrive at retained earnings available for dividend declaration. Retained earnings is further restricted for the payment of dividends to the extent of deferred income tax assets recognized that reduced the income tax expense, increased net income and decreased deficit as of December 31, 2022 and 2021.

21. Basic/Diluted Earnings (Loss) Per Share

	2022	2021	2020
Net income (loss)	**₱31,098,719**	₱23,277,853	(₱7,937,646)
Weighted average number of shares	**901,920,568**	901,920,568	901,920,568
Basic/Diluted Earnings (Loss) per Share	**₱0.0345**	₱0.0258	(₱0.0088)

There are no dilutive potential common shares outstanding as of December 31, 2022, 2021 and 2020.

22. Revenue from Contracts with Customers

a. Disaggregated Revenue Information

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

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

	For the year ended December 31		
Segments	**2022**	2021	2020
Type of sale goods			
Lot and house and lot	**₱37,769,162**	₱79,643,450	₱25,046,083
Condominium unit	**123,520,658**	196,072,000	15,147,486
Parking lot	**6,555,000**	5,700,000	3,100,000
Townhouse	**8,779,000**	29,359,500	7,753,186
Total	**₱176,623,820**	₱310,774,950	₱51,046,755
Timing of revenue recognition			
Goods transferred over time	**₱176,623,820**	₱310,774,950	₱51,046,755

b. Contract balances

The Group's contract balances as at December 31, 2022 and 2021 are as follows:

	2022	2021
Installment contract receivables (Note 6)	**₱6,696,137**	₱3,079,472
Contract assets	**38,449,363**	52,943,906
Contract liabilities	**315,037,422**	268,605,077

Contract assets

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

Breakdown as to current and noncurrent portion of the amount recorded under "Contract assets" account as of December 31, 2022 and 2021 are as follows:

	2022	2021
Contract assets - current	**₱18,669,076**	₱34,471,812
Contract assets - noncurrent	**19,780,287**	18,472,094
	₱38,449,363	₱52,943,906

Contract liabilities

	2022	2021
Contract liabilities - current	**₱140,434,549**	₱99,737,979
Contract liabilities - noncurrent	**174,602,873**	168,867,098
	₱315,037,422	₱268,605,077

The increase in the Group's contract assets is attributable to more sales in 2022. The increase in the Group's contract liabilities is attributable to the continued deposits of existing customers who have not yet reached the Group's revenue recognition policy on the buyer's initial payments in relation to the total contract price, as well as new customers in 2022.

The Group recognized additional ₱46.43 million worth of contract liabilities in 2022 (₱159.04 million in 2021). As at December 31, 2022, contract liabilities amounting to ₱140.43 million are expected to be recognized as revenue in the following year. Contract liabilities as of December 31, 2021, 2020 and 2019 amounting to ₱99.74 million ₱130.09 million and ₱129.10 million were recognized as revenue in 2022, 2021 and 2020 respectively.

c. Performance obligations (PO)

The following are the PO of the Group:

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

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

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

d. Costs to obtain contracts
The balances below pertain to the cost to obtain contracts as of December 31, 2022 and 2021 as presented in the statements of financial position:

	2022	2021
Balances at beginning of year	**₱43,999,410**	₱36,063,509
Additions	**19,836,787**	21,516,330
Amortization	**(13,699,344)**	(13,580,429)
Balances at end of year	**50,136,853**	43,999,410
Less non-current portion	**28,156,856**	27,068,960
Current portion	**₱21,979,997**	₱16,930,450

23. Financial Instruments

Financial Risk Management Objectives and Policies

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

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

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

Credit Risk

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

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

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

With respect to credit risk arising from financial assets, the Group's exposure to credit risk arises from default of the counterparties, with a maximum exposure as of December 31, 2022 and 2021 equal to the carrying value of the instruments reduced by the expected fair value of the repossessed collaterals upon default. Receivables from sale of real estate have minimal credit risk and are effectively collateralized by the respective units sold since the title to the real estate properties are not transferred to the buyers until full payment is made. Consequently, an impairment analysis is performed at each reporting date using a vintage analysis to measure ECL. The mechanics of the ECL calculations and the key elements are, as follows:

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

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

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

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

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

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

	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*	**₱749,172,686**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱749,172,686**
Receivables							
Installment contract receivables	**–**	**–**	**–**	**699,806**	**5,996,331**	**–**	**6,696,137**
Accrued interest	**1,215,082**	**–**	**–**	**–**	**–**	**–**	**1,215,082**
Due from a related party	**271,703**	**–**	**–**	**–**	**–**	**–**	**271,703**
Other receivables	**4,135,502**	**–**	**–**	**–**	**–**	**15,000,000**	**19,135,502**
Refundable deposits	**3,224,615**	**–**	**–**	**–**	**–**	**–**	**3,224,615**
Contract assets	**38,449,363**	**–**	**–**	**–**	**–**	**–**	**38,449,363**
	₱796,468,951	**₱–**	**₱–**	**₱699,806**	**₱5,996,331**	**₱15,000,000**	**₱818,165,088**

**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*	₱491,175,716	₱–	₱–	₱–	₱–	₱–	₱491,175,716
Short-term investments	187,677,472	–	–	–	–	–	187,677,472
Receivables							
Installment contract receivables	–	–	–	2,658,016	421,456	–	3,079,472
Accrued interest	119,931	–	–	–	–	–	119,931
Due from a related party	270,903	–	–	–	–	–	270,903
Other receivables	15,570,199	–	–	–	–	15,000,000	570,199
Refundable deposits	3,413,881	–	–	–	–	–	3,413,881
Contract assets	52,943,906	–	–	–	–	–	52,943,906
	₱751,172,008	₱–	₱–	₱2,658,016	₱421,456	₱15,000,000	₱739,251,480

**Excludes cash on hand.*

The Group classifies credit quality risk as follows:

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

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

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

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

No provision for credit losses in 2022 and 2021 using the ECL model has been recorded except for the provision for ECL for the advances to officers and employees amounting to ₱15.00 million in 2021 (see Note 6).

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

	2021				
	12-Month ECL	**Lifetime ECL Not Credit Impaired**	**Lifetime ECL Credit Impaired**	**Vintage Analysis**	**Total**
Financial Assets at Amortized Cost					
Cash in banks and cash equivalents*	**₱749,172,686**	**₱–**	**₱–**	**₱–**	**₱749,172,686**
Installment contract receivables	**–**	**–**	**–**	**6,696,137**	**6,696,137**
Accrued interest	**1,215,082**	**–**	**–**	**–**	**1,215,082**
Due from a related party	**271,703**	**–**	**–**	**–**	**271,703**
Other receivables	**4,135,502**	**–**	**15,000,000**	**–**	**19,135,502**
Refundable deposits	**3,224,615**	**–**	**–**	**–**	**3,224,615**
Contract assets	**–**	**–**	**–**	**38,449,363**	**38,449,363**
	₱758,019,588	**₱–**	**₱15,000,000**	**₱45,145,500**	**₱818,165,088**

**Excludes cash on hand.*

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

**Excludes cash on hand.*

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

December 31, 2022

		Days Past Due				Total Installment Contract Receivables and Contract Assets and ECL
	Contract Assets	**0-30 Days**	**31-60 Days**	**61-90 Days**	**Over 90 Days**	
Estimated total gross carrying amount at default	**₱38,449,363**	**₱234,257**	**₱235,404**	**₱230,145**	**₱5,996,331**	**₱445,145,500**
Expected credit loss rate	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Expected credit loss	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**

December 31, 2021

		Days Past Due				Total Installment Contract Receivables and Contract Assets and ECL
	Contract Assets	0-30 Days	31-60 Days	61-90 Days	Over 90 Days	
Estimated total gross carrying amount at default	₱52,943,906	₱323,711	₱319,641	₱263,927	₱2,172,193	₱56,023,378
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected credit loss	₱	₱	₱	₱	₱	₱

Liquidity Risk

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

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

December 31, 2022

	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	**₱205,878,607**	**₱543,419,079**	**₱–**	**₱–**	**₱749,297,686**
Short-term investments	–	–	–	–	–
Receivables*	**5,333,110**	**3,338,481**	**8,105,366**	**15,056,204**	**31,833,161**
Refundable deposits	**3,224,615**	–	–	–	**3,224,615**
Contract assets	–	–	**18,669,076**	**19,780,287**	**38,449,363**
	214,436,332	**546,757,560**	**26,774,442**	**34,836,491**	**822,804,825**
Financial Liabilities					
Liabilities at amortized cost:					
Accounts payable and other liabilities**	**(31,016,665)**	**(27,344,973)**	**(18,852,929)**	–	**(77,214,567)**
Liquidity position	**₱183,419,667**	**₱519,412,587**	**₱7,921,513**	**₱34,836,491**	**₱745,590,258**

**Excluding advances to agents*
***Excluding government payables*

December 31, 2021

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

**Excluding advances to agents*
***Excluding government payables*

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

In 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 in 2022 (₱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 Group's financial instrument diminishes due to changes in foreign exchange rates. The Group's foreign currency risk relates to its US$-denominated cash. The Group seeks to mitigate the effect of its currency exposure by matching the level of return on investment with the magnitude of foreign exchange fluctuation. Management closely monitors the fluctuations in exchange rates so as to anticipate the impact of foreign currency risks associated with the financial instruments. The Group currently does not enter into derivative transactions to hedge its currency exposure.

The Group recognized foreign exchange gain (loss) of ₱0.59 million, ₱0.37 million and (₱0.32 million) in 2022, 2021 and 2020, respectively. The exchange rate of Peso to US$ as of December 31, 2022, 2021 and 2020 used in translating the US$-denominated financial instruments is ₱55.76, ₱50.99 and ₱48.02, respectively.

The following table demonstrates the impact on the Group's net loss before income tax of reasonably possible changes in the US$ (all other variables held constant). There is no other impact on the Group's equity other than those already affecting profit or loss as follows:

2022		2021	
Movement in US$ rates	**Effect on net income and equity**	Movement in US$ rates	Effect on net loss and equity
+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, Refundable Deposits and Accounts Payable and Other Liabilities

The carrying amounts of cash and cash equivalents, short-term investments, refundable deposits and accounts payable and other liabilities approximate their fair values due to the short-term maturities of these financial instruments.

Receivables

Fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar instruments. Due to its short-term maturity, its carrying amount approximates its fair value.

Financial Assets at FVTPL/Equity Instruments at FVTOCI

Fair value of financial assets at FVTPL/equity instruments at FVTOCI are based on closing prices, published price and net asset value per unit as of the reporting date.

Fair Value Hierarchy

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

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

The following table presents the fair value of the Group's financial instruments carried at fair value:

	2022		2021	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Equity instruments at FVTPL:				
UITF	**₱–**	**₱–**	₱28,751,199	₱28,751,199
Equity investments at FVTOCI				
Golf club shares	**55,500,000**	**55,500,000**	44,350,000	44,350,000
Shares of stock	**8,754,214**	**8,754,214**	11,203,235	11,203,235
Total	**₱64,254,214**	**₱64,254,214**	₱84,304,434	₱84,304,434

The Group's financial instruments carried at fair value consist of equity shares which have been determined by reference to the price of the most recent transaction at the end of reporting period (Level 1), golf club shares which have been determined by reference to published price quotation and investments in UITF which are measured in NAVPU (Level 2).

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.

24. Capital Management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2022 and 2021.

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

	2022	2021
Common stock	**₱601,389,568**	₱601,389,568
Subscribed common stock - net	**76,292,500**	76,292,500
Additional paid-in capital	**72,272,141**	72,272,141
Retained earnings	**913,766,749**	882,668,030
Treasury stock	**(4,961,650)**	(4,961,650)
	₱1,658,759,308	₱1,627,660,589

25. Segment Information

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments, as follows:

- The real estate development segment, which is engaged in the real estate business.
- Investment pertain to the activities of the Parent Company as a holding entity.
- Other investments pertain to the group's other activities, which include the start-up coffee business.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating income or loss in the consolidated financial statements. The Group's identified operating segments, which are consistent with the segments reported to the BOD, which is the Group's Chief Operating Decision Maker.

The following tables regarding business segments present assets and liabilities, revenue and profit information for each of the three years in the period ended December 31, 2022.

December 31, 2022

	Real Estate Development	Investments	Others	Total	Eliminations	Consolidated
Segment results						
Revenue from real estate sales	**₱176,623,820**	**₱–**	**₱–**	**₱176,623,820**	**₱–**	**₱176,623,820**
Income (loss) before income tax	**46,768,265**	**(5,381,834)**	**1,400,871**	**42,787,302**	**–**	**42,787,302**
Provision for income tax	**11,589,748**	**98,835**	**–**	**11,688,583**	**–**	**11,688,583**
Net income/(loss)	**₱35,178,517**	**(₱5,480,669)**	**₱1,400,871**	**₱31,098,719**	**₱–**	**₱31,098,719**
Other segment information						
Additions to property and equipment	**₱337,883**	**₱133,780**	**₱–**	**₱471,663**	**₱–**	**₱471,663**
Depreciation and amortization	**2,846,650**	**574,615**	**187,095**	**3,608,360**	**–**	**3,608,360**
Interest income	**4,493,298**	**6,713,653**	**1,082**	**11,208,033**	**–**	**11,208,033**
Segment assets	**1,520,656,468**	**1,807,133,684**	**4,743,364**	**3,332,533,516**	**(1,233,940,724)**	**2,098,592,792**
Segment liabilities	**1,299,889,134**	**14,481,335**	**3,342,494**	**1,317,712,963**	**(908,517,849)**	**409,195,114**

December 31, 2021

	Real Estate Development	Investments	Others	Total	Eliminations	Consolidated
Segment results						
Revenue from real estate sales	₱310,774,950	₱–	₱–	₱310,774,950	₱–	310,774,950
Loss before income tax	49,137,329	(7,406,212)	(3,124,875)	38,606,241	–	38,606,241
Provision for income tax	15,328,388	–	–	15,328,388	–	15,328,388
Net loss	₱33,808,941	(₱7,406,212)	(₱3,124,875)	₱23,277,853	₱–	₱23,277,853
Other segment information						
Additions to property and equipment	₱1,435,693	₱37,371	₱–	₱1,473,064	₱–	₱1,473,064
Depreciation and amortization	3,605,967	676,042	–	4,282,009	–	4,282,009
Interest income	4,218,282	4,418,966	–	8,637,248	–	8,637,248
Other non-cash items pertaining to provisions for contingencies and allowance for ECL	25,946,891	–	–	25,946,891	–	25,946,891
Segment assets	1,431,236,031	1,803,167,402	–	3,234,403,433	(1,230,623,117)	2,003,780,316
Segment liabilities	1,245,869,424	13,186,948	–	1,259,056,372	(905,200,242)	353,856,130

December 31, 2020

	Real Estate Development	Investments	Total	Eliminations	Consolidated
Segment results					
Revenue from real estate sales	₱51,046,755	₱–	₱–	₱–	₱51,046,755
Income (loss) before income tax	(4,690,378)	(3,567,446)	(8,257,824)	–	(8,257,824)
Benefit from income tax	(320,178)	–	(320,178)	–	(320,178)
Net income (loss)	(₱4,370,200)	(₱3,567,446)	(₱7,937,646)	₱–	(₱7,937,646)
Other segment information					
Additions to property and equipment	₱1,126,862	₱23,536	₱1,150,398	₱–	₱1,150,398
Depreciation and amortization	1,677,736	867,779	2,545,515	–	2,545,515
Interest income	3,296,840	9,015,631	12,312,471	–	12,312,471
Segment assets	1,352,890,260	1,798,575,984	3,151,466,244	(1,230,846,991)	1,920,619,253
Segment liabilities	1,201,531,577	9,411,066	1,210,942,643	(908,548,991)	302,393,652

26. Contracts and Commitments

The Group has the following significant commitments and agreements:

Construction Agreements and Purchase Commitments

The Group entered into various construction-related contracts for the Anala, Azalea and Althea Projects. These contracts pertain to construction management, general construction works, exterior wall construction works, land development works, mechanical works and electrical and auxiliary works.

Condominium units

Anala. The contracts for the Anala Project commenced on various dates in 2011 and 2012, with terms ranging from 3 weeks to 2 years. These contracts expired on various dates in 2012 until May 2015.

Azalea. The contract for the Azalea Project commenced the works starting July 26, 2021 and must be completed no later than January 26, 2024.

House and lot and lots

Althea. The contracts relating to the Althea Project ranges from 120 to 180 days. All agreements require down payment of 10% to 20% of the contract price while the balance will be settled through progress billings. The agreements also include a provision whereby the Group shall deduct 10% retention from every progress payment until full completion of the project work. Retention payable related to these contracts amounted to ₱18.85 million and ₱3.00 million as of December 31, 2022 and 2021, respectively (see Note 13). These are expected to be settled in 2023.

Lease Agreements

a. In 2012, the Parent Company entered into a renewable lease contract with Haldane Investment NV, duly represented by E. Zobel, Inc. for the lease of the 4/F Unit of Enzo Building, located at No. 399 Gil J. Puyat Avenue, Makati City. The contract is for a term of eight months commencing on May 1, 2012 and expiring December 31, 2012. The lease is renewable every year for a period of 12 months, which is still effective in 2022 In line with the contract, the Parent Company paid a refundable deposit classified under "Prepayments and other current assets" which amounted to ₱3.22 million and ₱3.41 million as of December 31, 2022 and 2021, respectively (see Note 8). Minimum lease payments within a year under this contract is ₱0.2 million.

b. On June 16, 2015, the Subsidiary entered into a new lease contract with E. Zobel, Inc. for the transfer of office space from 4th Floor to 2nd Floor of Enzo Building, located at No. 399 Senator Gil Puyat Avenue, Makati City for a period of six months. The lease agreement is renewable on a yearly basis subject to the mutual agreement of the parties. In January 2022, the Subsidiary renewed the lease for another year. The Subsidiary paid security deposit amounting to ₱0.3 million to answer for any and all damages to the leased premises and as security for the return of the leased premises in proper condition. Minimum lease payments within one year amounted to ₱1.7 million.

   The Group recognized short-term lease amounted to ₱2.53 million, ₱2.68 million and ₱2.57 million in 2022, 2021 and 2020, respectively (see Note 14).

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Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of SOCResources, Inc. (the Company) and Subsidiaries (the Group) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, included in this Form 17-A, and have issued our report thereon dated May 2, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic 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

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SOCResources, Inc. (the Company) and its Subsidiaries (the Group) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated May 2, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements, and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

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
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PTR No. 9369785, January 3, 2023, Makati City

May 2, 2023

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SOCRESOURCES, INC. AND SUBSIDIARIES

INDEX TO THE SUPPLEMENTARY SCHEDULES

DECEMBER 31, 2022

Annex I: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex II: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex III: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers

Schedule G. Capital Stock

SOCRESOURCES, INC. AND SUBSIDIARIES

ANNEX 1: SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2022

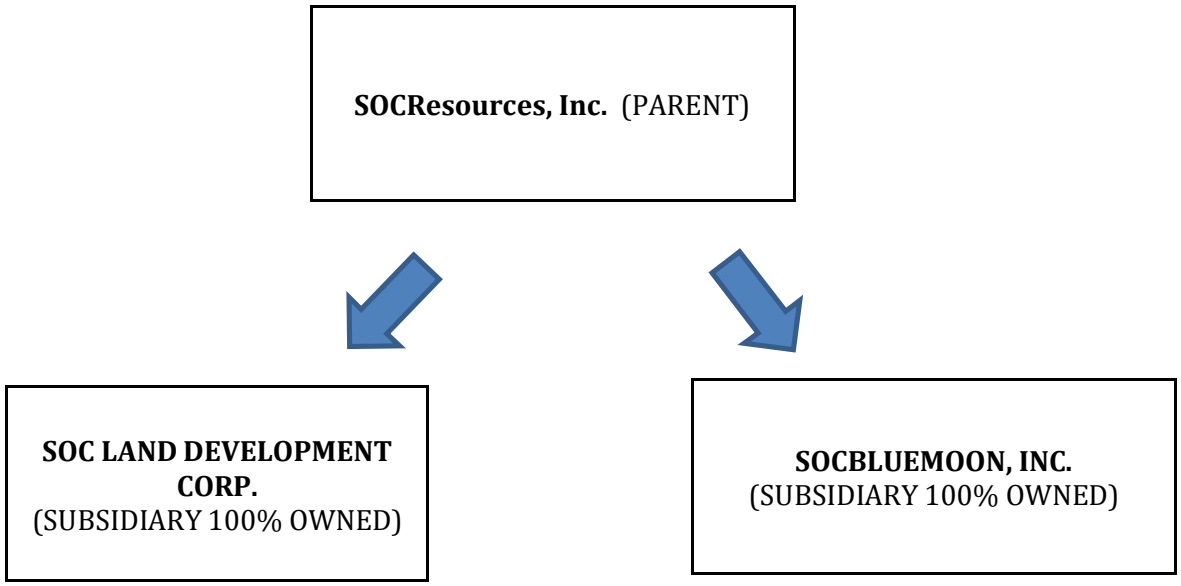
Unappropriated retained earnings available for dividend declaration as at December 31, 2021		₱278,359,001
Add: **Net loss actually during the year**		
Net loss earned during the year		(5,480,669)
Less: **Non-actual/unrealized income net of tax:**		
Equity in net income of associate/joint venture	–	
Unrealized 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**

Note: In accordance with SEC Financial Reporting Bulletin No. 14, the reconciliation is based on the separate/parent company financial statements of SOCResources, Inc.

SOCRESOURCES, INC. AND SUBSIDIARIES

ANNEX II: MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND ITS ULTIMATE PARENT COMPANY, MIDDLE PARENT, SUBSIDIARIES, CO-SUBSIDIARIES, ASSOCIATES, WHEREVER LOCATED OR REGISTERED

DECEMBER 31, 2022



SOCRESOURCES, INC. AND SUBSIDIARIES

ANNEX III, SCHEDULE A: FINANCIAL ASSETS

DECEMBER 31, 2022

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of bonds and Notes	Amount shown in the Statement of Financial Position	Value based on Market Quotation at End of Reporting Period	Income Received and Accrued
Cash on hand and in banks				
Cash equivalents		₱540,931,744	₱540,931,744	₱9,145,993
Short-term investments		–	–	–
Financial Assets at Amortized Cost		540,931,744	540,931,744	9,145,993
Aboitiz Equity Ventures, Inc.	7,800	450,060	450,060	
Lepanto Consolidated Mining Company "A"	2,078,000	226,502	226,502	
Manila Mining Corporation "A"	26,480,000	262,152	262,152	115,615
Manila Water Company, Inc.	265,000	5,061,500	5,061,500	
Petron	1,147,500	2,754,000	2,754,000	
Listed - Domestic Stocks		8,754,214	8,754,214	115,615
Wackwack Golf & Country Club	1	55,000,000	55,000,000	
Southwest Resources, Inc.	1	3,333,500	3,333,500	
Mt. Malarayat Golf & Country Club	1	500,000	500,000	
		58,833,500	58,833,500	
Allowance for impairment on equity investments at Fair Value through Other Comprehensive Income (FVTOCI) - unlisted		(3,333,500)	(3,333,500)	
Not Listed - Domestic Stocks		55,500,000	55,500,000	
Financial Assets at FVTOCI		**64,254,214**	**64,254,214**	**115,615**
Unit Investment Trust Fund (UITF)		–	–	
Financial Assets at Fair Value through Profit and Loss (FVTPL)		–	–	
TOTAL FINANCIAL ASSETS		**₱605,185,958**	**₱605,185,958**	**₱9,261,608**

SOCRESOURCES, INC. AND SUBSIDIARIES

ANNEX III, SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2022

Not applicable. There are no receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders other than subject to usual terms, for ordinary travel and expense advances, and for other such items arising in the ordinary course of business.

SOCRESOURCES, INC. AND SUBSIDIARIES

ANNEX III, SCHEDULE C: AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2022

			Deductions				
Name and Designation of Debtor	**Balance at the Beginning of Period**	**Additions**	**Amounts Collected**	**Amounts Written Off**	**Current**	**Non-Current**	**Balance at end of Period**
SOC Bluemoon, Inc.	₱2,766,241	₱551,367	₱–	₱–	₱–	₱3,317,608	₱3,317,608
SOC Land Development, Corporation	905,200,241	–	–	–	–	905,200,241	905,200,241
TOTAL	₱907,966,482	₱551,367	₱–	₱–	₱–	₱908,517,849	₱908,517,849

SOCRESOURCES, INC. AND SUBSIDIARIES

ANNEX III, SCHEDULE D: LONG-TERM DEBT

DECEMBER 31, 2022

Not applicable. The Group does not have any long-term debt.

SOCRESOURCES, INC. AND SUBSIDIARIES

ANNEX III, SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

DECEMBER 31, 2022

Not applicable. The Group does not have any long-term loans from related companies.

SOCRESOURCES, INC. AND SUBSIDIARIES

ANNEX III, SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2022

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of each class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
Not applicable. The Group does not have guarantees of securities of other issuers.				

SOCRESOURCES, INC. AND SUBSIDIARIES

ANNEX III, SCHEDULE G: CAPITAL STOCK

DECEMBER 31, 2022

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding at shown under related Statement of Financial Position Caption*	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Common Stock - P1 par value	1,000,000,000	901,920,568	–	–	688,787,368	213,133,200

**Inclusive of 305,170,000 shares subscribed, out of which 228,877,500 remain as outstanding subscriptions receivable.*

SOCRESOURCES, INC. AND SUBSIDIARY

SUPPLEMENTAL SCHEDULES OF FINANCIAL SOUNDNESS INDICATORS

AS OF DECEMBER 31, 2022

Ratio	Formula		December 31 2022	2021
Current	$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$		8.83	10.62
Acid-test	$\frac{\text{Cash and Cash Equivalents + Short-term Investments + Installment Contracts Receivable, current + Contract Assets, current + Other Receivables, current}}{\text{Total Current Liabilities}}$		3.63	4.28
Solvency	$\frac{\text{Net Income after Tax + Depreciation Expense}}{\text{Total Liabilities}}$		0.08	0.08
Debt-to-equity	$\frac{\text{Accounts payable and other liabilities + Contract liabilities}}{\text{Total equity (net of other comprehensive income)}}$		0.24	0.21
Asset-to-equity	$\frac{\text{Total Assets}}{\text{Total equity (net of other comprehensive income)}}$		1.27	1.23
Interest rate coverage	$\frac{\text{Net Income Before Tax + Depreciation Expense + Interest Expense}}{\text{Interest Expense}}$		–	–
Return on equity (%)	$\frac{\text{Net Income after Tax}}{\text{Stockholder's Equity}}$	x 100	1.84%	1.41%
Return on asset	$\frac{\text{Net Income}}{\text{Average Total Assets}}$		0.01	0.01
Net profit margin	$\frac{\text{Net Profit}}{\text{Total Revenue}}$		17.61	7.49
Asset-to-liability	$\frac{\text{Total Assets}}{\text{Total Liabilities}}$		5.13	5.66