

COVER SHEET

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SEC Registration Number

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

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(Company's Full Name)

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G	i	l		P	u	y	a	t		A	v	e		M	a	k	a	t	i		C	i	t	y								
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(Business Address: No., Street City / Town / Province)

Ronna C. De Leon

Contact Person

8804-1977/8804-1978

Company Telephone Number

DEFINITIVE INFORMATION STATEMENT 2023

FORM TYPE

1	2
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Month

Fiscal Year

3	1
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Day

0	6
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Month

1	6
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Day

Annual Meeting

Not Applicable

0Secondary License Type, If Applicable

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Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

358

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

☐ Preliminary Information Statement
☒ Definitive Information Statement

2. Name of Registrant as specified in its charter: **SOCRESOURCES, INC.**
(formerly known as SOUTH CHINA RESOURCES, INC.)

3. Province, country or their jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **ASO92-6441**

5. BIR Tax Identification Code: **001-945-016**

6. Address of Principal Office: **4th Floor ENZO Bldg. 399 Sen. Gil Puyat Ave. Makati City**
Postal Code: **1200**

7. Registrant's telephone number, including area code: **(632) 8804-1978 / 8804-1977**

8. Date, time and place of the meeting of security holders:

16 June 2023 at 2:00 p.m.

Meeting through Remote Communication via Zoom

The Presiding Officer shall call and preside the Meeting in 4F ENZO Building 399
Senator Gil Puyat Avenue Makati City, Metro Manila.

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **24 May 2023**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on numbers of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class

Number of Shares of Common Stock
Outstanding or Amount of Debt Outstanding

Common Shares

901,920,568

11. Are any or all registrant's securities listed on a Stock Exchange?

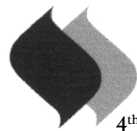
Yes: ☒ No: ☐

Name of Stock Exchange

Class of Securities Listed

Philippine Stock Exchange

Unclassified Common Shares



SOCResources, Inc.

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

AGENDA DETAILS AND RATIONALE

1. Proof of notice and quorum.

To inform the stockholders that notice requirements for the 2023 Annual Stockholders' Meeting (ASM) have been complied with in accordance with the Company's By-Laws and the Revised Corporation Code of the Philippines and that quorum exists for the transaction of business.

The corporate secretary, Atty. Magilyn T. Loja will certify that copies of this notice were sent to stockholders as of record date, 17 May 2023 and will certify the number of attendees for the purpose of determining the existence of quorum to validly transact business.

2. Reading and approval of previous Minutes. The approval of the previous year's Annual Stockholders' Meeting is made part of the agenda for transparency and in order to comply with the requirement of the Company's By-Laws, the Corporation Code and the rules and regulation of Securities and Exchange Commission. The resolution that will be submitted for approval of the stockholders' states as follows:

"RESOLVED, that the minutes of the meeting of the Stockholders Annual Meeting held on 17 June 2022, be, as they are hereby, **APPROVED.**"

3. Report of Management. The report summarizes the key achievements, milestones, results and updates on operations as well as opportunities and future prospects for the company. The resolution that will be submitted for the approval of the stockholders states as follows:

"RESOLVED, that the report of Management on the operations of the Corporation for fiscal year ended 31 December 2022, as well as the Audited Financial Statements for the same period be, as they are hereby, approved."

4. Ratification of the acts of the Board of Directors and Officers. All acts of the Board of Directors are submitted for approval to the stockholders. The resolution that will be submitted for the approval of the stockholders states as follows:

"RESOLVED, that all acts of, and all transactions entered into by, the Board of Directors and Officers of the Corporation on the latter's behalf during the fiscal year ending 31 December 2022 and to date, be, as they are hereby, ratified and approved."

5. Election of Directors. The stockholders will approve the election of the regular and independent directors to hold office until the next Annual Stockholders' Meeting and until their respective successors have been qualified and elected. The nominees were evaluated on the basis of all qualifications required by By-Laws, and the new Manual on Corporate Governance and that no provision or disqualification would apply to them. Details on the candidates to the Board of Directors and Independent Directors are provided in the Information statement.

6. Appointment of Auditors. Upon the recommendation of the Audit Committee, the Board approved the reappointment of Sycip Gorres & Velayo (SGV) as the company's external auditor for the year 2023. The SGV's appointment is submitted for approval to the stockholders. Below is the text of the proposed resolution:

"RESOLVED, that the accounting firm of Sycip Gorres Velayo & Co. be, as it is hereby, re-appointed as the Corporation's external auditors for the calendar year 2023."

7. **Other Matters.** Stockholders may be requested to consider such other issues/matters as may be raised throughout the course of the meeting.

8. **Adjournment.** After all business has been considered and resolved, the Chairman shall declare the meeting adjourned.



SOCResources, Inc.

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

PROXY

The undersigned, a common stockholder of SOCResources, Inc., hereby nominates, constitutes and appoints _____ or in his absence, the Chairman of the meeting as PROXY to represent the undersigned, and vote _____ number of common shares owned by, and/or registered in the name of the undersigned in the books of the Corporation, at the annual stockholders' meeting on June 16, 2023 and at any of the adjournments thereof, for the purpose of acting on the following matters:

1. Approval of minutes of previous Annual Stockholders' Meeting held on June 17, 2022.

☐ Yes ☐ No ☐ Abstain

2. Approval of Annual Report/Report of Management for the year 2022.

☐ Yes ☐ No ☐ Abstain

3. Ratification of all acts and resolutions of the Board of Directors and Officers from the date of the last annual stockholders' meeting up to the date of this meeting.

☐ Yes ☐ No ☐ Abstain

4. Appointment of the accounting firm of Sycip Gorres Velayo & Co. as the Corporation's external auditors for the calendar year 2023 with Mr. Albert Bon as the engagement Partner.

☐ Yes ☐ No ☐ Abstain

5. Election of Directors

☐ Vote for all nominees listed below:

1. Mr. Edgardo P. Reyes
2. Mr. Wilfrido P. Reyes
3. Ms. Belen R. Castro
4. Mr. Manuel G. Arteficio – Independent Director
5. Mr. Francisco M. Bayot, Jr. – Independent Director

☐ Withhold authority for all nominees listed above.

☐ Withhold authority to vote for the nominees listed below:

PRINTED NAME OF STOCKHOLDER	SIGNATURE OF STOCKHOLDER/AUTHORIZED SIGNATORY	DATE
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THIS PROXY SHOULD BE REQUIRED BY THE CORPORATE SECRETARY ON OR BEFORE JUNE 02, 2023, THE DEADLINE FOR SUBMISSION OF PROXIES.

THIS PROXY IS NOT REQUIRED TO BE NOTARIZED, AND WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED AND SHALL NOT BE EFFECTIVE IN INSTANCES WHEREIN THE UNDERSIGNED PERSONALLY ATTENDS THE MEETING.



SOCResources, Inc.

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

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To all Stockholders:

Notice is hereby given that the 2023 Annual Meeting of the stockholders of SOCResources, Inc. shall be held on 16 June 2023, at 2:00 P.M. Based on the resolution of the Board of Directors during its special meeting held on 20 April 2023, the Annual Meeting will be conducted virtually via Zoom.

The agenda for said meeting is as follows:

1. Proof of notice and quorum;
2. Reading and approval of previous Minutes;
3. Report of Management;
4. Ratification of the acts of the Board of Directors and Officers;
5. Election of Directors;
6. Appointment of Auditors;
7. Other Matters: and
8. Adjournment.

For the purpose of the meeting, only stockholders of record at the close of business on 17 May 2023 shall be entitled to notice of and to vote at the meeting. In light of the COVID-19 global pandemic, the Company will not be conducting a physical Annual Stockholders' Meeting. The stockholders may only attend by remote communication, by voting in absentia, or by appointing the Chairman as proxy. Stockholders intending to participate via remote communications must notify the Corporation by sending an email to socinfo@socres.com.ph. Attached is the instruction for joining and participating in the virtual annual meeting.

If you cannot attend the meeting but would like to be represented thereat, you may appoint a proxy in writing and file the same, together with the appropriate Board resolution for corporate stockholders and Special Power of Attorney for individual stockholders, with the Corporation on or before 02 June 2023. Duly accomplished proxies may be sent to socinfo@socres.com.ph or hard copies at SOCResources, Inc. 4th Floor Enzo Bldg. 399 Sen. Gil Puyat Avenue Makati, City. Said proxies shall be validated until 5:00 pm of 08 June 2023.

The Organizational Meeting of the Board of Directors will immediately follow after the annual stockholders' meeting. It will likewise be conducted via remote communication.

WE ARE NOT SOLICITING PROXY.


MAGILYN T. LOJA
Corporate Secretary

PARTICIPATION VIA REMOTE COMMUNICATION

The annual stockholders' meeting will be conducted by remote communication via Zoom Application. Stockholders may attend and participate at the annual meeting by following the instructions below:

1. Stockholders who intend to participate remotely should notify the Corporation by sending an email to socinfo@socres.com.ph not later than 02 June 2023 at 5:00 pm.
2. An email confirmation, link for registration and other instructions for the registration and voting will be provided to the stockholders who will indicate their intention to participate at the annual meeting. All successfully registered Stockholders will receive an electronic invitation via email containing the Meeting link and password, including the rules and procedures for the meeting.
3. We advise all stockholders to log onto the meeting link at least 45 minutes before the meeting starts, to avoid any technical difficulty. The meeting broadcast will start promptly at 2:00 in the afternoon.
4. Only Stockholders (or their proxies), who have notified the Company of his/her/its intention to participate in the Meeting by remote communication, will be included in the determination of the existence of a quorum.
5. Further, the meeting shall be recorded in audio and video format and copies thereof shall be retained by the Corporation.

A. GENERAL INFORMATION

Item 1: DATE, TIME, AND PLACE OF MEETING OF SECURITY HOLDERS

The Presiding Officer shall call and preside the Meeting in 4th Floor ENZO Bldg. 399 Sen. Gil Puyat Avenue, Makati City, Metro Manila on Friday, 16 June 2023 at 2:00 p.m. through remote communication via Zoom application.

In light of the COVID-19 global pandemic, the Company will not be conducting a physical Annual Stockholders' Meeting.

The Company's Principal Office is at 4th Floor ENZO Bldg. 399 Sen. Gil Puyat Avenue, Makati City.

May 24, 2023 (Wednesday) is the approximate date on which the Information Statement is first to be sent or given to security holders.

A copy of the Notice of Meeting will be published on the Business Section of newspaper of general circulation (online and in print) on May 19-20, 2023 in compliance with SEC Notice dated 13 March 2023.

PARTICIPATION VIA REMOTE COMMUNICATION

The annual stockholders' meeting will be conducted by remote communication via Zoom Application. Stockholders may attend and participate at the annual meeting by following the instructions below:

1. Stockholders who intend to participate remotely should notify the Corporation by sending an email to socinfo@socres.com.ph not later than 02 June 2023 at 5:00 pm.
2. An email confirmation, link for registration and other instructions for the registration and voting will be provided to the stockholders who will indicate their intention to participate at the annual meeting. All successfully registered Stockholders will receive an electronic invitation via email containing the Meeting link and password, including the rules and procedures for the meeting.
3. We advise all stockholders to log onto the meeting link at least 45 minutes before the meeting starts, to avoid any technical difficulty. The meeting broadcast will start promptly at 2:00 in the afternoon.
4. Only Stockholders (or their proxies), who have notified the Company of his/her/its intention to participate in the Meeting by remote communication, will be included in the determination of the existence of a quorum.
5. Further, the meeting shall be recorded in audio and video format and copies thereof shall be retained by the Corporation.
6. Stockholders who intend to vote in absentia are required to submit their vote through the online voting portal to be provided by the company upon confirmation of their registration. Votes should be submitted not later than June 10, 2022 at 5:00 pm.
7. Stockholders who intend to attend and vote by proxy should submit their respective proxies by mail at SOCResources, Inc. 4th Floor Enzo Bldg. 399 Sen. Gil Puyat Avenue Makati, City or by email to socinfo@socres.com.ph not later than June 02, 2023 at 5:00 pm. No further changes on the proxies will be accommodated after the deadline.

**WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY.**

Item 2: DISSENTERS' RIGHT OF APPRAISAL

A stockholder may exercise the right of appraisal (i.e. the right to dissent and demand payment of the fair value of his shares) in the instances provided under the Revised Corporation Code of the Philippines ("Revised Code"), as follows: a) in case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; c) in case of merger or consolidation; and d) investment of corporate funds in another corporation or business. (Section 80 of the Revised Corporation Code) SOCResources, Inc. (SOC) adopts the procedure laid down in Section 81, Title X, of the Revised Corporation Code of the Philippines for a valid exercise of appraisal right.

No corporate actions, however, will be taken up during the meeting involving any of the foregoing instances in which a stockholder may exercise the right of appraisal.

Item 3: INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

- (a) No director, nominee for election as director, associate of the nominee or executive officer of the company at any time since the beginning of the last fiscal years has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to the office.
- (b) No director has informed the company that he intends to oppose any action to be taken by the company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION
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Item 4: VOTING SECURITIES AND PRINCIPAL HOLDERS

The Registrant has 901,920,568 unclassified common shares issued and outstanding (excluding treasury shares which total to 4,639,000) as of April 30, 2023. Total foreign equity ownership is 8,556,271 common shares representing 0.95% of the total issued and outstanding shares. Each common share shall be entitled to one vote with respect to all matters to be taken up during the annual stockholders' meeting.

Pursuant to the Revised Corporation Code, each share being held by every stockholder is entitled to one vote for as many persons as there are directors or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

RECORD DATE

For the purpose of the meeting, only stockholders of record at the close of business on 17 May 2023 shall be entitled to notice of and to vote at the meeting.

No solicitation shall be conducted and no proxies shall be solicited for the annual stockholders' meeting.

**(1) Security Ownership of Certain Record and Beneficial Owners and Management
As of May 17, 2023 (owning more than 5% of any class of voting securities)**

Title of Class	Name & Address of Record Owner	Relationship with Issuer	Name of Beneficial Ownership & Relationship w/ Record Owner	Citizen ship	No. of Shares Held	Percent
Common	Belen R. Castro 4889 Pasay Road Dasmariñas Villa. Makati	Director	Belen R. Castro same person	Filipino	231,531,122	25.67%
Common	Edgardo P. Reyes 1371 Caballero St. Dasmariñas Vill. Makati	Director	Edgardo P. Reyes same person	Filipino	229,853,123	25.48%
Common	Wilfrido P. Reyes 1545 Mahogany St., Dasmariñas Vill. Makati	Director	Wilfrido P. Reyes same person	Filipino	226,853,123	25.15%
Common	PCD Nominee Corp. (Filipino) G/F MKSE Bldg., 6767 Ayala Ave., Makati	Stockholder	PCD Nominee Corp. (Filipino), depository agent	Filipino	162,315,229	18.00%

There are no beneficial owners of more than 5% under the PCD Nominee Corporation (Filipino), which owns 18% of the total shares of the Company.

(2) Security Ownership of Management Directors as of May 17, 2023:

Title of Class	Name	No. of Shares Held	Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Belen R. Castro	231,531,122	Direct	Filipino	25.67%
Common	Edgardo P. Reyes	229,853,123	Direct	Filipino	25.48%
Common	Wilfrido P. Reyes	226,853,123	Direct	Filipino	25.15%
Common	Franciso M. Bayot, Jr.	400,000	Direct	Filipino	0.04%
Common	Manuel G. Arteficio	100,000	Direct	Filipino	0.01%
TOTAL		688,737,368			76.36%

Executive Officers

Title of Class	Name	No. of Shares Held	Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	David R. Baladad	50,000	Direct, Record and Beneficial	Filipino	0.0055%
TOTAL		50,000			0.0055%

Directors and Officers as a Group

Title of Class	Name of Beneficial Owner	Amount of Beneficial Ownership	Percent of Class
Common	Directors as a Group	688,737,368	76.36%
Common	Executive Officers as a Group	50,000	0.01%
TOTAL		688,787,368	76.37%

(1) Voting Trust Holders of 5% or More

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

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

Item 5: DIRECTORS AND EXECUTIVE OFFICERS (Information for the last five years)**Directors and Executive Officers (Information for the last five years)**

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

EDGARDO P. REYES, 77 years of age, Filipino, has been the CHAIRMAN of the Board of Directors of the Company since 1992.; PRESIDENT of International Pipe Industries Corp., Pipe Machinery Corp., Apo Pipe Industries Corp., Reyson Realty & Development Corp., Puyat Flooring Products Inc., Proleo Realty Inc., and BenePara Realty Inc.; SENIOR VICE PRESIDENT of PFM Agro-Industrial Development Corp. and Armorply Concrete Forming Systems Inc.; and, DIRECTOR of Surigao Development Corp., and Puyat Investment & Realty for the past five (5) years. Mr. Reyes is the brother of Mr. Wilfrido P. Reyes and Ms. Belen R. Castro.

WILFRIDO P. REYES, 76 years of age, Filipino, has been the PRESIDENT of the Company since 1992. CHAIRMAN/PRESIDENT of Astranniquin Corp.; EXECUTIVE VICE PRESIDENT/DIRECTOR of Gonzalo Puyat & Sons Inc.; EVP/GENERAL MANAGER of Philippine Flour Mills; SENIOR EXECUTIVE VICE PRESIDENT/DIRECTOR of Puyat Steel Corporation; TREASURER/DIRECTOR of Surigao Development Corp.; SECRETARY/DIRECTOR of Surigao

Marine Products, Inc. PRESIDENT of Proleo Realty Inc., and TREASURER/DIRECTOR of International Pipe Industries Corp. for the past five (5) years. Mr. Reyes is the brother of Mr. Edgardo P. Reyes and Ms. Belen R. Castro.

BELEN R. CASTRO, 75 years of age, Filipino, has been the VICE PRESIDENT, TREASURER & DIRECTOR of the Company since 1992 up to the present and DIRECTOR & ASST. TREASURER of Gonzalo Puyat & Sons, Inc. for the past five(5) years. She is the sister of Mr. Edgardo P. Reyes and Mr. Wilfrido P. Reyes.

MANUEL G. ARTEFICIO, 78 years of age, Filipino, has been an INDEPENDENT DIRECTOR of the Company since 2007. He has been PRESIDENT of San Manuel Mining Corp. from 1990 to 2016; Assissi Mining Corp., Bonaventures Mining Corp. and Ignatius Mining Corp., all three from 1994 to present.

FRANCISCO M. BAYOT, JR., 69 years of age, Filipino, has been an INDEPENDENT DIRECTOR of the Company since 2008.; He is the DIRECTOR of Alabang Commercial Corp. since 1990; PRESIDENT/DIRECTOR of Josue Corp since 1990; PRESIDENT/DIRECTOR of JM Investment Corp. since 1990; PRESIDENT/DIRECTOR of Madrigal Condominium Corp. I & Madrigal Condominium Corp. II since 1992; PRESIDENT/DIRECTOR of Susana Realty, Inc., Septimo Realty, Inc., Porep Realty Inc., and Perop Realty, Inc. since 1993; PRESIDENT/DIRECTOR of Madrigal Business Park Association, Inc. since 1994; PRESIDENT/DIRECTOR of Madrigal-Bayot Dev. Corp. since 2008; PRESIDENT/DIRECTOR of Cebu Beacon Storage Corporation since 2015 and INDEPENDENT DIRECTOR of PGA Sompso Insurance Corp. since 2018.

MAGILYN T. LOJA., 55 years of age, Filipino, has been the CORPORATE SECRETARY of the Company since 2010. She is a Senior Partner of the Esguerra & Blanco Law Offices. Atty. Loja obtained his Bachelor of Science in Business Administration and Accountancy and Bachelor of Laws from the University of the Philippines. Atty. Loja since 1996, and during the last five (5) years, has been engaged in the practice of law.

DAVID R. BALADAD, 66 years of age, Filipino, has been the VICE PRESIDENT FOR OPERATIONS of the Company since 1994. He obtained his Bachelor of Science in Geology in the University of the Philippines and he is also a licensed Geologist. Prior to joining the Company, Mr. Baladad was the Chief of the Oil and Gas Division of the former Office of Energy Affairs (now DOE) and a consultant to other local exploration companies. He has been directing the operating activities of the Company since 1994 and for the last five (5) years.

ZOSIMO L. PADRO, JR., 63 years of age, Filipino, has been the VICE PRESIDENT FOR FINANCE of the Company since January 2010. He obtained his Bachelor of Science in Business Administration Major in Accounting from the University of Eastern Philippines and Bachelor of Laws from Jose Rizal College. Atty. Padro is also the Vice President for Finance of International Pipe Industries Corp. Atty. Padro since 1990, and during the last five (5) years, has been engaged in the practice of law. He is also a Certified Public Accountant.

Nomination of Directors& Independent Directors

On the stockholders' annual meeting held last June 17, 2022, Mr. Francisco M. Bayot, Jr., an independent director has been designated as chairman of the Nomination & Remuneration Committee with Mr. Wilfrido P Reyes and Ms. Belen R. Castro as members for the ensuing year 2022 – 2023.

The Nomination committee reported that the following individuals have been nominated for election on 2022 Annual Stockholders' Meeting as members of the Board of Directors for the ensuing year 2022-2023:

- (1) Edgardo P. Reyes;
- (2) Wilfrido P. Reyes;
- (3) Belen R. Castro;
- (4) Manuel G. Arteficio &
- (5) Francisco M. Bayot, Jr.

The stockholders at their annual meeting held on June 17, 2022, have re-elected the following Directors for the ensuing year 2022-2023:

- (1) Edgardo P. Reyes;
- (2) Wilfrido P. Reyes;
- (3) Belen R. Castro;
- (4) Manuel G. Arteficio &
- (5) Francisco M. Bayot, Jr.

Among the directors stated above, Mr. Manuel G. Arteficio and Mr. Francisco M. Bayot, Jr. are Independent Directors. All Directors were elected for the term of one (1) year and until their successors are elected.

Pursuant to SEC Memorandum Circular No. 9 in relation to Section 38 of the Securities Regulation Code (Republic Act No. 8799), and in order to enhance the effectiveness of independent directors and encourage the infusion of fresh ideas in the board of directors, the company adopted the following rules on the election of independent Directors effective January 02, 2012.

1. There shall be no limit in the number of covered companies that a person may be elected as Independent Director (ID), except in business conglomerate where an ID can be elected to only five (5) companies of the conglomerate. (i.e., parent company, subsidiary or affiliate);
2. IDs can serve as such for five (5) consecutive years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the ID position was relinquished or terminated;
3. After completion of the five-year service period, an ID shall be ineligible for election as such in the same company unless the ID has undergone "cooling off" period of two (2) years, provided, that during such period, the ID concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as ID in the same company;
4. An ID re-elected as such in the same company after the "cooling off" period can serve for another five (5) consecutive years under the conditions mentioned in the paragraph 2 above;
5. After serving as ID for ten (10) years, the ID shall be perpetually barred from elected as such in the same company, without prejudice to being elected as ID in other companies outside of the business conglomerate, where applicable, under the same conditions provided for in this circular;
6. All previous terms prior to January 02, 2012 served by existing IDs shall not be included in the application of the term limits as provided by this circular.

Mr. Manuel G. Arteficio and Mr. Francisco M. Bayot, Jr. were elected Independent Directors during the 2022 Annual Stockholders' Meeting. Both Mr. Arteficio and Mr. Bayot are qualified to be nominated and elected as Independent Directors of the Company in accordance with the qualifications specified with SEC Circular No. 16 Series of 2002 and SEC Circular No. 16 Series of 2006.

Nominees for Election of Directors

The Nominations Committee screened the nominees to determine whether they have all of the qualifications and none of the disqualification for election to the Board of Directors in accordance with the company's Revised Code of Corporate Governance. The Committee assessed the candidates' background, educational qualifications, work experience, expertise and stature as would enable them to effectively participate in the deliberations of the Board.

In the case of Independent Directors, the Committee reviewed their business relationships and activities to ensure that they have all the qualifications and none of the disqualifications for Independent Directors as set forth in the Company's Revised Code of Corporate Governance, the Securities Regulation Code (SRC) and the SRC implementing Rules and Regulations.

The Nomination Committee reported that the following individuals have been nominated for election on 2023 Annual Stockholders' Meeting as members of the Board of Directors for the ensuing year 2023-2024:

1. Edgardo P. Reyes (Executive Director);
2. Wilfrido P. Reyes (Executive Director);
3. Belen R. Castro (Executive Director);
4. Manuel G. Arteficio (Independent Director); and
5. Franciso M. Bayot, Jr. (Independent Director)

The Nomination Committee reported Mr. Arteficio and Mr. Bayot as independent directors to be elected on the 2023 Annual Stockholders' Meeting, upon the nomination of Mr. David R. Baladad and Ms. Remedios J. Manguiat who are not related to the nominees. Both Mr. Arteficio and Mr. Bayot are qualified to be nominated and elected as Independent Directors of the Company in accordance with the qualifications specified with SEC Circular No. 16 Series of 2002 and SEC Circular No. 16 Series of 2006.

SOCResources, Inc. has adopted the provisions of Rule 38 of the SRC on nominations and election of independent directors. (Article III, Section 3 of the Amended By-Laws, as approved by the SEC on October 05, 2011)

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

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders because of a disagreement with the company on any matter relating to the its operations, policies or practices. Furthermore, there is no director who has furnished the company with a letter describing such disagreement and requesting that the matter be disclosed.

(1) Significant Employees

While all employees are expected to make a significant contribution to the Company, there is no one particular employee, not an executive officer, expected to make a significant contribution to the business of the Company on his own.

(2) Family Relationships

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

(3) Involvement in Certain Legal Proceedings

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

- (a) bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (c) order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining barring, suspending or otherwise limiting his involvement in any type of business, securities commodities or banking activities; and
- (d) order or judgment of a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization finding him/her to have violated a securities or commodities law or regulation, for the past five (5) years up to the latest date, that is material to the evaluation of the ability or integrity to hold the relevant position in the Company.

(4) Certain Relationship and Related Transactions

Except for the Related Party Transactions described in Note 19 to the audited financial statements contained in the Company's Annual Report for the year 2022, there has been no material transaction during the last two fiscal years, nor is there any material transaction currently proposed, to which the Company or any of its subsidiaries was or is to be a party in which any incumbent director/independent director or officer of the Company, or any person nominated for election to such positions, or any owner of more than ten percent of the Company's outstanding voting stock, or any member of the immediate family of any of the foregoing, had or is to have a direct or indirect material interest.

There are no parties that fall outside the definition "related parties" under SFAS/IAS No. 24, but with whom the registrants or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent, parties on an arm's length basis.

The company has adopted a comprehensive and extensive policy for its related party transactions in compliance with the regulatory requirements of the Securities & Exchange Commission. A copy of the policy is available in the company's website at this link <http://socres.com.ph/index.php/related-party-transactions-policy/>.

Please refer to Note 19 of 2022 Audited Consolidated Financial Statements for details on related party transaction.

INFORMATION REQUIRED BY PART I(C) OF “ANNEX C, AS AMENDED”

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

1. South China Resources, Inc. v. Office of the City Treasurer and/or Makati City
Civil Case No. 14-165
Regional Trial Court, Makati City, Branch 66

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

UDK-17415
Supreme Court, Manila

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

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

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

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

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

The CTA-En Banc then issued its Notice of Resolution and Resolution dated 23 February 2021, ordering SOCResources, Inc. to file its Comment of respondents’ “Motion for Reconsideration” dated 20 January 2021

and stating that upon the filing thereof, the respondents' "Motion for Reconsideration" dated 20 January 2021 shall be deemed submitted for resolution.

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

Meanwhile, respondents filed their "Petition for Review on Certiorari" dated 27 October 2021, which was denied by the Supreme Court in its Resolution dated 27 April 2022, on the following grounds: (a) said Petition was filed beyond the reglementary period; (b) the petitioners failed to pay the proper docket/legal fees; and (c) the Petition lacked proper verification. The Court also stated that the Petition failed to sufficiently show any reversible error in the assailed judgment. The respondents did not file any motion for reconsideration to the Resolution.

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

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

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

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

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

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

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

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

On 22 August 2022, petitioner filed a "Motion for Issuance of Writ of Execution" dated 19 August 2022 before the RTC. The respondents filed its "Motion to Admit Comment" and Comment both dated 22 February 2023 to the Motion. Thereafter, the RTC issued its Order dated 28 February 2023, stating, among others, that the Motion is deemed submitted for resolution. To date, the Motion for Issuance of Writ of Execution is pending resolution before the RTC.

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

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

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

Thereafter, the IPO sent its Notice to file 3rd Year Declaration of Actual Use (DAU) dated 13 April 2021, which SOCResources, Inc. complied with in its letter dated 5 October 2021 and which the IPO acknowledged on even date. To show that the mark is still being used, and to avoid abandonment thereof, registrant is also required to file a DAU for "Bluemoon" within one year from the fifth anniversary of its registration, or within the period from 4 April 2024 to 3 April 2025. Aside from the disclosed legal proceedings, there are no other material legal proceedings to which the registrant or its subsidiary is a party.

DIRECTORS' DISCLOSURES ON SELF-DEALING AND RELATED PARTY TRANSACTIONS

To the best of the Company's knowledge, there is no undisclosed transaction that was undertaken by the Company involving any director, executive officer, or any nominee for election as director with which such director, executive officer, or nominee for director was involved or had material interest.

Directors and members of the Management are required to disclose any business or family-related transactions with the Company to ensure that the Board of Directors and Management are apprised of any possible conflict of interest.

APPRAISALS AND PERFORMANCE REPORT OF THE MEMBERS OF THE BOARD OF DIRECTORS

DIRECTOR'S PERFORMANCE EVALUATION SHEET

Under a prescribed form entitled Director's Performance Evaluation Sheet, the Company requires every member of the Board of Directors to provide a self-assessment of his/her performance based on enumerated standards, by indicating whether or not he or she is compliant with each of the standard. In case of non-compliance to a particular standard, the director is required to disclose the same and state the reason for the non-compliance. The duly accomplished Director's Performance Evaluation Sheet is submitted to the Company's Executive Committee through the Corporate Secretary.

During the year 2022, the members of the Company's Board of Directors indicated their compliance with the following standards set forth in the Director's Performance Evaluation Sheet:

DISCHARGE OF BOARD FUNCTIONS

1. Whether he or she possesses all the qualifications required of a director and do not possess any of the permanent and/or temporary disqualifications as set forth in the Corporation's Manual on Corporate Governance.
2. Whether he or she attends the special/regular meetings of the Board of Directors and/or the Stockholders regularly.
3. Whether he or she provides and/or gives due consideration to independent views during Board Meeting.
4. Whether he or she recommends sound strategic advice on programs relating to the Corporation's business plans, operating budgets, and Management's overall performance.
5. Whether he or she participates on critical matters before the Board and the Board Committees of which he or she is a member.
6. Whether he or she maintains a harmonious working relationship with the other members of the Board of Directors.
7. Whether he or she receives appropriate training for his or her duties as Director and how to discharge the duties by his or her regular attendance of a seminar on corporate governance.
8. Whether he or she has working knowledge on the Corporation's regulatory framework.
9. Whether he or she observes confidentiality when required on matters relating to the business of the Corporation.
10. Whether he or she appoints qualified members of the Management and monitors their efficiency based on the results of the Corporation's annual financial and operational performance.
11. Whether he or she ensures that his or her personal interest does not bias his or her vote on matters submitted for the approval of the Board.
12. Whether he or she discloses all relevant information necessary to assess any potential conflict of interest that might affect his or her judgment on board matters.
13. Whether he or she recognizes and puts importance on the promotion of a mutually beneficial relationship that allows the Corporation to grow its business while contributing to the advancement of the society where it operates.

Item 6: COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

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

The Company has no pension or retirement plan in which any such person will participate. There are no employment contract arrangements for this year.

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

Summary Compensation Table:

NAME AND PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER COMPENSATION
Edgardo P. Reyes Chairman/CEO				
David R. Baladad Vice President - Operations				
Zosimo L. Padro Vice President - Finance				
Aggregate Compensation - CEO and Executive Officers mentioned above	Actual 2021	₱1,724,945.30	₱424,980.00	None
	Actual 2022	₱1,739,261.00	₱428,940.00	None
	Projection 2023	₱1,900,000.00	₱500,000.00	None
Aggregate Compensation - all other Officers and Directors	Actual 2021	None	None	₱200,000.00
	Actual 2022	None	None	₱700,000.00
	Projection 2023	None	None	₱700,000.00

Among the directors and officers of the company, only the three (3) stated above are being compensated.

Standard Arrangements

The Company has no standard arrangements according to which the directors are compensated, directly or indirectly, for any services provided as a director.

Warrants and Options

There are no warrants or options outstanding in favor of directors and officers of the Group.

Item 7: INDEPENDENT PUBLIC ACCOUNTANTS

Information on Independent Public Accountant

SyCip Gorres Velayo & Co. ("SGV") has acted as the Corporation's external auditors since the company's incorporation in November 1992 and has not resigned, been dismissed, or nor has its services ceased since its appointment. The engagement partner who conducted the audit for calendar year 2022 is Mr. Albert R. Bon and was appointed starting from the audit period of 31 December 2021. In accordance with the five-year rotation requirement of external auditors pursuant to SRC Rule 68 (3)(b)(ix), there is still no need to change the audit partner assigned to the Corporation at this time. Similarly, the two-year cooling off period for the re-engagement of the same audit partner assigned to the Corporation pursuant to the same rule finds no application at this time.

The company has had no material disagreement with SGV on any matter of accounting principle or practices or disclosures in the company's financial statements.

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

Representatives of Sycip Gorres Velayo & Co. are expected to be present on the company's upcoming annual stockholders' meeting on June 16, 2023. They will be given the opportunity to make a statement if they desire to do so and are expected to respond to appropriate questions.

Item 8: COMPENSATION PLANS

Other than what is provided under applicable labor laws, there are no compensatory plans or arrangements with executive officers entitling them to receive any sum of money as a result of their resignation, retirement or any other termination of employment, or from a change in control of the Parent Company, or a change in the executive officers' responsibilities following a change in control of the Parent Company. There are no warrants or options outstanding in favor of directors and officers of the Parent Company.

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9: AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE

There is no matter or action to be taken with respect to the authorization or issuance of any securities.

Item 10: MODIFICATION OR EXCHANGE OF SECURITIES

There are no actions to be taken with respect to the modification of any class of securities of the registrant, or the issuance or authorization for issuance of one class of securities of the registrant in exchange for outstanding securities of another class.

Item 11: FINANCIAL AND OTHER INFORMATION

- (1) The Audited Consolidated Financial Statements of the Company are attached.
- (2) The Management's Discussion & Analysis is incorporated in the Management Report.
- (3) There are no changes in and disagreements with independent accountants on accounting and financial disclosure and no change in the Company's independent accountants during the two most recent fiscal years or any subsequent interim period.
- (4) Representatives of the external auditor, Sycip Gorres Velayo & Co. are expected to be present at the Annual Stockholders' Meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions from the stockholders.

Item 12: MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

This is not applicable to the group.

Item 13: ACQUISITION OR DISPOSITION OF PROPERTY

There is no acquisition/disposition of property that is to be included in the agenda of the annual stockholders' meeting. There is no matter or action to be taken with respect to the acquisition/disposition of property by the company.

Item 14: RESTATEMENT OF ACCOUNTS

There are no actions to be taken with respect to the restatement of any asset, capital, or surplus account.

D. OTHER MATTERS

Item 15: Action with Respect to Reports

Section 49 of the Revised Corporation Code (RCC) pertains to the Regular and Special Meetings of stockholders. Regular meeting of the stockholders is being held annually every last Friday of May. Written notice of meeting is provided to the stockholders at 10 trading days before the record date.

MINUTES OF THE 2021 ANNUAL STOCKHOLDERS' MEETING OF
SOCRESOURCES INC. HELD VIA VIDEOCONFERENCE ON
17 JUNE 2022 AT 2:00 P.M.

Mrs. Belen R. Castro, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Magilyn T. Loja, recorded the minutes thereof. Upon the request of the Chairperson, the Corporate Secretary certified that notices for today's meeting were published on the business section of two newspapers of general circulation (print and on-line), Business World and Philippine Daily Inquirer, on May 16-17, 2022, respectively, in accordance with the Securities and Exchange Commission Notice dated 16 February 2022. Pursuant to said notice, stockholders representing 689,197,368 shares out of the 901,920,568 shares outstanding and entitled to vote, or 76.41%, were present in person or by proxy.

The Chairperson then stated that the first item on the agenda was the reading and approval of the Minutes of the 2021 annual stockholders' meeting held on 28 May 2021. Whereupon, on motion duly made and seconded, the following resolution was unanimously approved and adopted:

“RESOLVED, that the reading of the Minutes of the 2021 annual stockholders’ meeting held on 28 May 2021 be dispensed with and that the same be, as it is hereby, approved and ratified.”

The Chairperson proceeded to the next item on the agenda, which is the report of Management. The Chairman read the Chairman’s Statement. Thereafter, and on motion duly made and seconded, the following resolutions were unanimously approved and adopted:

“RESOLVED, that the Stockholders of SOCRESOURCES, INC. (the “Corporation”) hereby approve the Corporation’s: (a) Management Report for the year ending 31 December 2021; and (b) Audited Financial Statements for year ending 31 December 2021, as certified by the external auditor, Sycip Gorres Velayo & Co.;

“RESOLVED, FURTHER, that the Corporation’s Chairman, Mr. Edgardo P. Reyes, President, Wilfrido P. Reyes and Treasurer, Belen R. Castro, are hereby authorized to effect the release of the Corporation’s Audited Financial Statements ending 31 December 2021, including the authority to sign, execute and/or deliver the same and any and all documents in the name of the Corporation in connection therewith;

“RESOLVED, FINALLY, that a signed true copy of these resolutions be submitted to the External Auditor and shall serve as the written authority of the aforementioned Officers in effecting the approval and release of the Corporation’s Audited Financial Statements ending 31 December 2021, which resolutions shall remain valid until the same are otherwise revoked.”

The Chairman then stated that the next item on the agenda was the ratification of all acts of the Board of Directors and Officers. Whereupon, on motion duly made and seconded, the following resolution was unanimously approved and adopted:

“RESOLVED, that all contracts, acts, proceedings, elections and appointments heretofore made or taken by the Board of Directors and officers of Corporation for the year 2021 until to date be, and the same are, hereby approved, ratified and confirmed.”

The next item on the agenda being the election of Directors, the Chairman declared the table open for nomination. Whereupon, the following were nominated as Directors of the Company for the ensuing year:

EDGARDO P. REYES
WILFRIDO P. REYES
BELEN R. CASTRO

as well as Messrs. Manuel G. Arteficio and Francisco M. Bayot, Jr. as the Company’s Independent Directors. There being no other nominations, and upon motion duly made and seconded, the Chairman declared the nominations closed and thereupon directed the Corporate Secretary to cast all the votes in favor of the five candidates who were then declared unanimously elected.

The next item on the agenda is the proposed amendment of the SIXTH Article of the Articles of Incorporation. Under the amendment, the number of directors shall be seven (7). Whereupon, on motion duly made and seconded, the following resolution was unanimously approved and adopted:

“RESOLVED, that the stockholders and Board of Directors of the Corporation authorized, as they hereby authorize the amendment of the SIXTH Article of the Corporation’s Articles of Incorporation so that as amended, the same shall read as follows:

SIXTH: That the number of directors of said corporation shall be SEVEN (7) and that the names, nationalities and residences of the directors who are to serve until their successors are elected and qualified as provided by the by-laws.

The Chairman then stated that the next item on the agenda was the appointment of the Company’s external auditors. Whereupon, on motion duly made and seconded, the following resolution was unanimously approved and adopted:

“RESOLVED, that the Board of Directors of the Corporation appointed, as it hereby appoints, SyCip, Gorres, Velayo & Co. be, as it is hereby, as the external auditor of the Corporation for the calendar year 1 January to 31 December 2022.”

The Chairman then opened the floor for the stockholders to ask questions from the Management regarding the state of the Corporation. There being no further business before the meeting, the same was, on motion duly made and seconded, adjourned.

RESULTS OF THE COMPANY'S MOST RECENT REGULAR STOCKHOLDERS' MEETING

The Company's previous stockholders' meeting was held virtually through Zoom on June 17, 2022. The meeting was attended by the Corporation's shareholders, Directors, Management, External Auditor and External Counsel. The shareholders were allowed to vote on each item presented to them for approval. Moreover, stockholder participation was encouraged by the panelists who opened the floor for comments/ questions or comments during the meeting.

All members of the Board of Directors were present during the 2022 Annual Stockholders' Meeting (ASM):

1. Edgardo P. Reyes – Chairman/CEO
2. Wilfrido P. Reyes – President
3. Belen R. Castro – Vice President Treasurer
4. Manuel G. Arteficio – Independent Director
5. Francisco M. Bayot, Jr. – Independent Director

In addition to the Board of Directors, the following were also present during the 2022 ASM:

1. David R. Baladad – Vice President Operations
2. Zosimo L. Padro, Jr. – Vice President Finance
3. Albert R. Bon – SGV Partner Auditor
4. Magilyn T. Loja – Corporate Secretary

The results of the voting for each of the agenda item were as follows:

1. Certification of Notice and Quorum

Upon the request of the Chairman, the Corporate Secretary certified that notices for the annual meeting were published on the business section of two (2) newspapers of general circulation, Business World and Philippine Daily Inquirer, on 16 and 17 May 2022, respectively, in accordance with the Securities and Exchange Commission Notice dated 16 March 2021, and that a quorum was present because stockholders representing 689,197,368 shares out of the 901,920,568 shares outstanding and entitled to vote, or seventy-six point forty one percent (76.41%) were present in person or by proxy.

2. Reading and Approval of the Minutes of the Annual Stockholders' Meeting on May 28, 2021

The Chairperson then stated that the first item on the agenda was the reading and approval of the Minutes of the 2021 annual stockholders' meeting held on 28 May 2021. There being no comments on the Minutes, with votes of 76.41% of the total shares outstanding and entitled to vote, on motion duly made and seconded, adopted the following resolution:

"RESOLVED, that the minutes of the meeting of the Stockholders Annual Meeting held on 28 May 2021, be, as they are hereby, APPROVED."

The details of the final tally of votes were:

Response	Number of Votes Cast	Percentage of Total Outstanding Shares
1. Yes/Approved	689,197,368 shares	76.41%
2. No/Against	0	0
3. Abstain	0	0
Total Votes Cast	689,197,368 shares	76.41%

3. Ratification of the Acts of the Board of Directors/Corporate Officers

The Chairman then stated that the next item on the agenda was the ratification of all acts of the Board of Directors and Officers. Whereupon, on motion duly made and seconded, the following resolution was unanimously approved and adopted with total votes of 76.41% of the total shares outstanding and entitled to vote:

“RESOLVED, that all acts of, and all transactions entered into by, the Board of Directors and Officers of the Corporation on the latter’s behalf during the fiscal year ending 31 December 2021 and to date, be, as they are hereby, ratified and approved.”

The details of the final tally of votes were:

Response	Number of Votes Cast	Percentage of Total Outstanding Shares
1. Yes/Approved	689,197,368 shares	76.41%
2. No/Against	0	0
3. Abstain	0	0
Total Votes Cast	689,197,368 shares	76.41%

4. Election of Directors

The next item on the agenda being the election of Directors. Whereupon the following were nominated as Directors of the Company for the ensuing year:

1. Edgardo P. Reyes (Executive Director);
2. Wilfrido P. Reyes (Executive Director);
3. Belen R. Castro (Executive Director);
4. Manuel G. Arteficio (Independent Director); and
5. Franciso M. Bayot, Jr. (Independent Director)

There being no other nominations, and upon motion duly made and seconded, the Chairman declared the nominations closed and thereupon directed the Corporate Secretary to cast the 689,197,368 shares or 76.41% % of the total shares outstanding in favor of the five (5) candidates who were then declared unanimously elected.

5. Annual Report by the Chairman

The Chairman then stated that the next item on the agenda was the report of Management. Chairman proceeded to read the Chairman’s Statement. Thereafter, and on motion duly made and seconded, the following resolution was unanimously approved and adopted with the vote of the 76.41% of the total shares outstanding.

“RESOLVED, that the report of Management on the operations of the Corporation for fiscal year ended 31 December 2021, as well as the Audited Financial Statements for the same period be, as they are hereby, approved.”

The details of the final tally of votes were:

Response	Number of Votes Cast	Percentage of Total Outstanding Shares
1. Yes/Approved	689,197,368 shares	76.41%
2. No/Against	0	0
3. Abstain	0	0
Total Votes Cast	689,197,368 shares	76.41%

6. Election of the External Auditor

The Chairman then stated that the next item on the agenda was the appointment of the Company’s external auditors. Whereupon, on motion duly made and seconded, the following resolution was unanimously approved and adopted with the votes of 76.41% of the total shares outstanding.

“RESOLVED, that the accounting firm of Sycip Gorres Velayo & Co. be, as it is hereby, re-appointed as the Corporation’s external auditors for the calendar year 2022 with Mr. Albert R. Bon as the Engagement Partner.”

The details of the final tally of votes were:

Response	Number of Votes Cast	Percentage of Total Outstanding Shares
1. Yes/Approved	689,197,368 shares	76.41%

2. No/Against	0	0
3. Abstain	0	0
Total Votes Cast	689,197,368 shares	76.41%

Stockholders were given the opportunity to submit their questions or comments either prior to the meeting or during the meeting through the chatbox located at the bottom of the screen. The Chairman then opened the floor for the stockholders to ask questions from the Management regarding the state of the Corporation. There were no questions submitted and asked during the meeting. Thereafter, there being no further business to handle, the meeting was, on motion duly made and seconded, adjourned.

Attached herewith as ANNEX B is the Corporation Certification of Board Attendance for the year 2022 indicating the attendance of each Director for all of the regular and special meeting held during the year 2022.

The following Corporation's incumbent Directors attended every meeting of the Board of Directors held during the year 2022:

1. Edgardo P. Reyes – Chairman/CEO;
2. Wilfrido P. Reyes - President;
3. Belen R. Castro – Vice President - Treasurer;
4. Manuel G. Arteficio – Independent Director; and
5. Francisco M. Bayot, Jr.- Independent Director.

The Corporation had the following meetings for the year ended 31 December 2022:

<u>Kind of Meeting</u>	<u>Date Held</u>
Board of Directors – Special Meeting	06 April 2022
Board of Directors – Special Meeting	12 April 2022
Board of Directors – Special Meeting	12 May 2022
Stockholders – Annual Meeting	17 June 2022
Organizational Meeting	17 June 2022
Board of Directors – Special Meeting	19 September 2022
Board of Directors – Special Meeting	07 November 2022

Item 16: MATTERS NOT REQUIRED TO BE SUBMITTED

There are no actions to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17: AMENDMENTS OF CHARTER, BY-LAWS, AND OTHER DOCUMENTS

There are no actions to be taken with respect to any amendment of the charter, by-laws, and other documents.

Item 18: OTHER PROPOSED ACTION

List of Corporate acts and resolutions of the board of directors and management of the Corporation for the year 2022 to be approved by the majority of the stockholders is attached on this report as ANNEX 11.

Item 19: VOTING PROCEDURES

1. The approval of the minutes of the last stockholders meeting and the report of management, ratification of the acts and transactions of the Board of Directors, election of Directors and appointment of Independent Public Accountant will require approval of a majority of all the stockholders present or represented during the annual meeting. The vote required for the election of Directors shall be through cumulative voting. The voters will be counted by *viva voce* facilitated by the Corporate Secretary unless a request by a security holder is made that the election of directors be by ballot.
2. Only stockholders of record as of record date , May 17, 2023 shall be entitled to vote or be voted at the Meeting to be conducted via remote communication. The stockholders of record may participate in voting on the items listed in the agenda for Meeting by appointing the Chairman of the Meeting as their proxy or by Voting in absentia through the online voting system to be provided by the Corporation.
3. Each stockholder shall be entitled to vote in person and by proxy and, unless otherwise provided by law, he shall have one (1) vote for each share of stock entitled to vote and recorded in his name in the books of the Company.
4. The right to vote of stockholders may be exercised through audio or video conference (and such other means of electronic communication). The voting instructions will be included in the confirmation email upon successful registration by the stockholder.
5. The Corporate Secretary shall be responsible to count and validate the votes.

UNDERTAKING TO PROVIDE ANNUAL REPORT

THE COMPANY UNDERTAKES TO PROVIDE WITHOUT CHARGE A COPY OF ITS ANNUAL REPORT ON SEC FORM 17-A UPON WRITTEN REQUEST ADDRESSED TO:

ATTY. MAGILYN T. LOJA
CORPORATE SECRETARY
SOCRESOURCES, INC., 4TH FLOOR ENZO BLDG. 399 SEN. GIL PUYAT AVENUE MAKATI CITY 1200

The Company's Annual Report, Definitive SEC Form 20-IS and 1st Quarter 2023 report will be uploaded to the PSE EDGE, for your reference. https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=161

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 24 May 2023 .

By:


MAGILYN T. LOJA
Corporate Secretary

MANAGEMENT REPORT

Item1: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

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

Item 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

BUSINESS

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

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

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

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

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

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

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

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

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

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

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

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

Coffee and coconut are envisioned to be the main crops of the area. Coffee is the second most traded commodity worldwide.

The Philippines consumes about 170,000 metric tons of coffee (Phil. Coffee Board) and is a net importer of coffee. It imports almost 70% of its coffee needs.

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

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

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

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

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

The Company's subsidiaries are SOC Land Development Corporation and SOCBluemoon, Inc. as of December 31, 2022.

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

External Audit Fees and Services

In compliance with SEC Memo Circular No. 14 Series of 2004, External Audit Fees, year ended 2022 audit progress billing for SOCResources, Inc. and subsidiary, SOC Land Development amounted to ₱268,156 and ₱408,604, respectively. External Audit Fees, year ended 2021 audit for SOCResources, Inc. and subsidiary, SOC Land Development amounted to ₱624,378 and ₱943,398 respectively. No other services were provided and billed for by the external auditors for the last two (2) fiscal years.

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

The Audit Committee's approval of policies and procedures for the above services:

The Audit Committee approves the terms of engagement and scope of services of the independent auditors as endorsed by Management. For non-audit services, Management is required to disclose to the Audit Committee any non-audit engagement for the appointed independent auditors to ensure that their independence will not be compromised.

Item 3: RESULTS OF OPERATIONS & FINANCIAL POSITION

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

CONSOLIDATED RESULTS OF OPERATIONS **2022 VS 2021 (AUDITED)**

(in Philippine pesos)

ACCOUNTS	December 31, 2022	December 31, 2021	% CHANGE
REVENUES	218,734,839	320,170,421	-31.68%
COST AND EXPENSES	175,947,537	281,564,180	-37.51%
INCOME (LOSS) BEFORE INCOME TAX	42,787,302	38,606,241	10.83%
PROVISION FOR INCOME TAX	11,688,583	15,328,388	-23.75%
NET INCOME/(LOSS)	31,098,719	23,277,853	33.60%
OTHER COMPREHENSIVE INCOME (LOSS)	8,374,773	8,420,732	-0.55%
TOTAL COMPREHENSIVE INCOME/(LOSS)	39,473,492	31,698,585	24.53%

2022 VS 2021: RESULTS OF OPERATIONS

Revenue for the year ended 2022 consists of: (1) recognized sale on real estate for SOC Land amounting to ₱176.62M;(2) Interest Income on investments in treasury bills, time deposits, savings account and installment sales of real estate amounting to ₱11.21M and;(3) Dividend Income from domestic shares of stocks amounting to ₱0.15M. The decrease in the total cost and expenses is attributable to the 47% decrease in the recognized cost of sales, 14% decrease in the general and administrative expenses of the group coupled with the 32% decrease in the sales and marketing expense. Other comprehensive income for the current year 2022 pertains to the net effect of the decrease in market value of financial assets and consolidated actuarial losses.

For the year ended December 31, 2022, the group posted a consolidated net income of ₱31.10M, a 33.60% year-on-year (YoY) increase. This translated to earnings per share of ₱.0345 for the year in review.

CONSOLIDATED FINANCIAL POSITION
2022 VS 2021 (AUDITED)
(in Philippine pesos)

ACCOUNTS	December 31, 2022	December 31, 2021	% CHANGE
CURRENT ASSETS	1,936,407,332	1,817,820,045	6.52%
NONCURRENT ASSETS	162,185,460	185,960,271	-12.78%
TOTAL ASSETS	2,098,592,792	2,003,780,316	4.73%
CURRENT LIABILITIES	219,333,158	171,090,174	28.20%
NONCURRENT LIABILITIES	189,861,956	182,765,956	3.88%
TOTAL LIABILITIES	409,195,114	353,856,130	15.64%
EQUITY	1,689,397,678	1,649,924,186	2.39%
TOTAL LIABILITIES AND EQUITY	2,098,592,792	2,003,780,316	4.73%

2022 VS 2021: FINANCIAL CONDITION

The net effect of the following has caused the 6.52% increase in the current assets of the group: (1) 53% increase in cash and cash equivalents as against 2021 due to the maturity investments classified as short-term investment; (2) Receivable's decrease was brought about by reclassification to contract assets; (3) Contract assets dropped by 20.93% or P10.75 million due to collection of receivables; (4) Increase in Real Estate Inventories due to the net effect of the cost of sold units and the payments to Construction Manager for Azalea and Contractor for Land Development at Althea Phase 2 and (5) Decrease in other current assets due to offsetting input tax on output tax and payments for creditable withholding tax to be used in income tax.; (5) Increase in Receivable was brought about by an increase in advances to HDMF on conversion balance of taken out units, advances to employees in the normal course of business and receivables from part of contract assets.

The decrease in the Group's contract assets is attributable to a decrease in sales for 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 P46.43 million worth of contract liabilities in 2022 (P159.04 million in 2021). As at December 31, 2022, contract liabilities amounting to P140.43 million are expected to be recognized as revenue in the following year. Contract liabilities as of December 31, 2021, 2020 and 2019 amounting to P99.74 million, P130.09 million and P129.10 million were recognized as revenue in 2022, 2021 and 2020 respectively.

Increase in noncurrent liabilities refers to the recognized retirement liability for the year 2022, deferred tax liabilities and reclassification of contract liabilities to noncurrent.

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

ACCOUNTS	December 31, 2021	December 31, 2020	% CHANGE
CURRENT ASSETS	1,817,820,045	1,793,508,957	1.36%
NONCURRENT ASSETS	185,960,271	127,110,296	46.30%
TOTAL ASSETS	2,003,780,316	1,920,619,253	4.33%
CURRENT LIABILITIES	171,090,174	186,210,044	-8.12%
NONCURRENT LIABILITIES	182,765,956	116,183,608	57.31%
TOTAL LIABILITIES	353,856,130	302,393,652	17.02%
EQUITY	1,649,924,186	1,618,225,601	1.96%
TOTAL LIABILITIES AND EQUITY	2,003,780,316	1,920,619,253	4.33%

2021 VS 2020: FINANCIAL CONDITION

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

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

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

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

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

CONSOLIDATED FINANCIAL POSITION

2020 VS 2019 (AUDITED)

(in Philippine pesos)

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

2020 VS 2019: FINANCIAL CONDITION

The net effect of the following has caused the 2.24% increase in the current assets of the group: (1) 7% increase in cash and cash equivalents as against 2019 due to the interest income earned from investments and collections made by the subsidiary, SOCLand from sale of real estate;(2) Receivable's decrease was brought about by reclassification to contract assets;(3) Contract asset increased by 28% to the net effect of decrease in inventory of related sold units for both Anala and Althea units, payments to designs contractors for Azalea Project.:(4) Decrease in Real Estate Inventories due to the recognition of cost of sales and (5) Other current assets increased due to commissions paid on units recognized as sales, offset of creditable income tax against tax payable and amortization of prepayments. As at December 31, 2020, contract liabilities amounted to ₱81.78M. These are expected to be recognized as revenue in the following year.

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

KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the years ended December 31, 2022, 2021 and 2020:

Ratio	Formula	December 31	
		2022	2021
Current	$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$	8.83	10.62
Acid-test	$\frac{\text{Cash and Cash Equivalents} + \text{Short-term Investments} + \text{Installment Contracts Receivable, current} + \text{Contract Assets, current} + \text{Other Receivables, current}}{\text{Total Current Liabilities}}$	3.63	4.28
Solvency	$\frac{\text{Net Income after Tax} + \text{Depreciation Expense}}{\text{Total Liabilities}}$	0.08	0.08
Debt-to-equity	$\frac{\text{Accounts payable and other liabilities} + \text{Contract liabilities}}{\text{Total equity (net of other comprehensive income)}}$	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	$\frac{\text{Net Income Before Tax} + \text{Depreciation Expense} + \text{Interest Expense}}{\text{Interest Expense}}$	—	—
Return on equity (%)	$\frac{\text{Net Income after Tax}}{\text{Stockholder's Equity}} \times 100$	1.84%	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

2022 VS 2021

The decrease in the current ratio as of December 31, 2022 vis-à-vis December 31, 2021 is due to the 28% increase in current liabilities of the group particularly in the contract liabilities. The interest income earned from various investments as well as the collections of receivables from sales in real estates has caused the increase in cash and cash equivalents.

The decrease in current liabilities also contributed to the increase in the current ratio. The Group recognized additional ₱40.70 million worth of contract liabilities in 2022 (₱99.74 million in 2021). 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.

2021 VS 2020

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

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

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

2020 VS 2019

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

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

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

PROSPECTS FOR THE FUTURE

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

(1) Prospects for SOC Land Development Corporation

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

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

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

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

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

(2) Prospects for Agri-based businesses

The Company entered into an agreement with the Palawan ICC (Indigenous Cultural Community) Campong It Mapangarapan It Palawano (CAMPAL) of Rizal, Palawan to undertake agro-industrial development of their ancestral land. The National Commission for Indigenous Peoples (NCIP) awarded the Company the Certificate of Pre-condition with FPIC (Free Prior Informed Consent) for the agreement last June 2016. The Company has completed project documentation with the LGUs (Local Government Units). SOC and CAMPAL conferred with the LGUs and the Palawan Council for Sustainable Development (PCSD) to secure the Strategic Environmental Plan (SEP) Clearance needed for the agro-industrial development with coffee as the initial undertaking. On March 8, 2018 the PCSD issued the SEP Clearance Certificate for the development of 3212 hectares of the IP area. The Company together with CAMPAL are securing documentation needed for an ECC for the project.

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

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

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

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

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

KEY VARIABLE AND OTHER QUALITATIVE AND QUANTITATIVE FACTORS

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There are no any material commitments for capital expenditures during the reporting period.

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

There are no significant elements of income or loss that did not arise from the Company's continuing operations. There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or accumulation of an obligation.

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

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

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons during the reporting period.

The material changes for this year in comparison with the prior year-end based on line items in the comparative financial statements as of December 31, 2022, 2021 and 2020 are summarized as follows:

ACCOUNTS <i>In Millions</i>	For the Period December 31			% CHANGE	
	2022	2021	2020	2022 vs 2021	2021 vs 2020
Statement of Financial Position					
Cash & Cash Equivalents	749.30	491.21	599.22	52.54%	-18.03%
Short-term investments	-	187.68	-	-100.00%	100.00%
Receivables	32.98	24.77	40.55	33.16%	-38.91%
Contract Assets - current	40.65	51.40	33.65	-20.92%	52.74%
Real estate inventories	1,069.90	1,014.77	1,061.68	5.43%	-4.42%
Prepayments & Other Current Assets	43.58	47.99	58.40	-9.19%	-17.82%
Equity investments at FVTOCI	64.25	55.55	43.87	15.66%	26.62%
Equity investments at FVTPL	-	28.75	-	-100.00%	100.00%
Contract Assets - net of current portion	47.94	45.54	32.36	5.26%	40.72%
Property & Equipment	30.96	33.76	36.57	-8.28%	-7.68%
Deferred Income Tax Assets - net	16.07	13.86	8.58	15.97%	61.47%
Other noncurrent assets	2.96	8.50	5.73	-65.13%	48.47%
Accounts Payable & other Liabilities	78.90	71.35	56.12	10.58%	27.14%
Contract liabilities	140.43	99.74	130.09	40.80%	-23.33%
Deferred Tax Liability	6.27	4.87	-	28.83%	100.00%
Retained Earnings - Unappropriated	168.77	137.67	114.39	22.59%	20.35%
Statement of Comprehensive Income					
REVENUES					
Revenue from Real Estate Sales	176.62	310.77	51.05	-43.17%	508.80%
Interest Income	11.21	8.64	12.31	29.76%	-29.85%
Dividend Income	0.12	0.14	0.1249	-17.84%	12.67%
Gain on Fair Value change of Financial Assets at FVTPL	0.09	0.25	-	-63.80%	100.00%
Foreign Exchange Gain - net	0.59	0.37	-	59.83%	100.00%
Other income	30.11	-	9.4350	100.00%	-100.00%
COST AND EXPENSES					
Cost of real estate sales	105.74	186.90	29.88	-43.42%	525.53%
Commissions and incentives	10.46	19.02	3.69	-45.02%	415.16%
Consultancy Fees	1.68	1.58	1.49	5.99%	6.28%
Advertising	1.59	1.37	0.70	16.67%	94.28%
Product presentation	1.32	0.47	0.24	183.19%	95.39%
Utilities	0.38	0.24	0.26	55.60%	-7.16%
Travel and transportation	0.19	0.17	0.09	7.10%	91.29%
Depreciation and amortization	-	0.11	0.17	-100.00%	-33.33%
Others	0.17	0.25	0.02	-31.71%	1152.60%
Sales and marketing expenses	15.78	23.22	6.67	-32.02%	248.28%
Personnel costs	19.50	20.59	18.13	-5.29%	13.57%
Provision for ECL	-	15.00	-	-100.00%	100.00%
Travel and transportation	5.57	5.22	5.32	6.70%	-1.91%
Professional Fees	5.07	4.51	3.58	12.43%	25.74%
Depreciation and amortization	3.61	4.17	2.37	-13.42%	75.55%
Taxes and licenses	2.96	1.15	2.47	156.64%	-53.17%
Property management expense	0.33	1.21	1.17	-72.43%	3.33%
Telecommunications and postage	0.95	0.90	1.01	6.19%	-11.61%
Supplies	0.80	0.61	0.58	30.59%	4.73%
Repairs & maintenance	3.76	0.51	0.91	631.90%	-43.80%
Utilities	0.61	0.34	0.52	75.73%	-33.73%
Research and development	1.98	0.31	0.69	541.46%	-55.10%
EAR	0.87	0.13	0.05	573.07%	150.34%
Others	2.32	2.70	1.75	-13.99%	54.30%
General and Administrative Expenses	54.42	63.29	44.31	-14.01%	42.84%
Other comprehensive income (loss)	8.37	8.42	0.81	-0.55%	945.23%
Provision for Income Tax	11.69	15.33	(0.32)	-23.75%	4890.63%

Discussion for 2022 VS 2021

Cash & Cash Equivalents

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 P9.15 million, P2.55 million and P9.39 million in 2022, 2021 and 2020, respectively.

Receivables

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 P1.54 million, P3.29 million and P2.92 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 P=15.00 million (nil in 2022)

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

Contract Liabilities

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.

Equity Investments at FVTPL

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

Deferred Income Tax Assets – net

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The Group recognized deferred income tax assets amounting to P16.07 million and P13.86 million as of December 31, 2022 and 2021, respectively.

Accounts Payable & Other Liabilities

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.

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.

Retirement Benefit Obligation

The group recognized P1.01M benefit obligation for the retirement plan of the group under defined benefit plans for the year 2021. The group has unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. The benefits are based on years of service and compensation on the last years of employment. Normal retirement is the attainment of age 60 and completion of at least 5 years of service.

Other Income

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

Sales and Marketing Expense

66.24% of the total sales and marketing expense pertains to the commissions and incentives amounting to P10.46M; 10.63% pertains to consultancy fees amounting to P1.68M; 10.10% pertains to advertising amounting to P1.59M and 8.35% makes up for the product presentation expense amounting to P1.32M.

General and Administrative Expenses

The following expenses took the biggest share in the general and administrative expenses: Personnel Cost amounting to P19.50M (35.83%); Travel and transportation amounting to P5.57M (10.24%); Professional fees amounting to P5.07M (9.31%) and Depreciation amounting to P3.61M (6.63%).

Discussion for 2021 VS 2020

Cash & Cash Equivalents and Short-term investments

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

Receivables

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

Contract Assets

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

Equity Investments at FVTPL

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

Deferred Income Tax Assets – net

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

Accounts Payable & Other Liabilities

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

Retirement Benefit Obligation

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

Contract Liabilities

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

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

Other Income

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

Sales and Marketing Expense

81% of the total sales and marketing expense pertains to the commissions and incentives amounting to ₱19.01M; 6% pertains to consultancy fees amounting to ₱1.58M; 5% pertains to advertising amounting to ₱1.37M and 2% makes up for the product presentation expense amounting to ₱0.47M.

General and Administrative Expenses

The following expenses took the biggest share in the general and administrative expenses: Personnel Cost amounting to ₱20.59M (32.53%); Provision for expected credit losses (ECL) amounting to ₱15M (23.70%); Travel and transportation amounting to ₱5.22M (8.25%); Professional fees amounting to ₱4.51M (7.12%) and Depreciation amounting to ₱4.17M (6.59%).

Discussion for 2020 VS 2019

Cash & Cash Equivalents

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

Receivables

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

Real Estate inventories

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

Prepayments & other Assets

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

Available for Sale Financial Assets

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

Accounts Payable & Other Liabilities

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

Retirement Benefit Obligation

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

Other Income

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

Sales and Marketing Expense

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

General and Administrative Expenses

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

RESULTS AND PLANS OF OPERATIONS

Real Estate: SOC Land

SOC Land's vertical residential development project, ANUVA RESIDENCES located at Muntinlupa City has completed its first tandem building project known as ANALA. As of December 31, 2021, 432 of the 533 units have been sold corresponding to 81.05 % of the inventory.

AZALEA the second tandem building of ANUVA RESIDENCES is still in a pre-selling stage which is focusing on the Green Urban Living image. Azalea has sold 291 of its 618 units that corresponds to 47.09% of the total inventory.

SOC Land's horizontal residential development project, ALTHEA RESIDENCES located at Biñan City Laguna has sold a total of 224 of 228 units, a combination of townhouses, lots and house & lots that correspond to 98.24% of the total inventory. Eighty-one (81) units have already been constructed, sixty-six (76) of which have been turned over to end-users.

Althea Residences Phase 2, officially launched in October 2019 and on May 2022 the land development has been completed of the 2.4-hectare expansion phase with 122 of the 132 (92.42%) house and lot packages sold. Althea Residences Phase 3 expansion called the Althea Villas project is in the planning stage for launch in the 3Q 2023 offering 135 townhouse units and is expected to sell out a few months after sales launch.

Other Energy, Mineral and Resource Based Opportunities

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

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

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

The Company had a soft launch of a coffee product line in the third quarter of 2021 under the Blue Moon trademark issued by the IPO (Intellectual Property Office) in May 2019 under SOCBluemoon which registered in Nov 19, 2020. Blue Moon coffee is sold online. The Company moves to improve its marketing and sales strategies as well as expand its product line.

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

Agri-Business	\$3MM
Other Energy, Mineral & Resources Based Opportunities	\$ 300K for Assessment Studies

Item 5: MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(1) Market Information

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

As of the 1st quarter ending March 31, 2023, the high, low and closing price is at ₱0.46. As of the trading date May 23, 2023 the high, low and closing price is at ₱0.45. The Corporation has no securities to be issued about an acquisition, business combination or other re-organization. Furthermore, the following are the high and low sales prices for each quarter within the last two years (2022 and 2021).

Stock Prices

2022	High	Low
First Quarter	0.57	0.57
Second Quarter	0.46	0.46
Third Quarter	0.50	0.50
Fourth Quarter	0.46	0.46
2021	High	Low
First Quarter	0.71	0.68
Second Quarter	0.79	0.75
Third Quarter	0.74	0.74
Fourth Quarter	0.66	0.66

(2) Holders

The number of shareholders of record as of May 17, 2023 was 358. Common shares issued as of May 17, 2023 were 906,559,568. Total number of common shares outstanding as of May 17, 2023 were 901,920,568.

Top Twenty (20) Stockholders

As of May 17, 2023

	HOLDER NAME	TOTAL SHARES	% OWNED
1	CASTRO, BELEN R.	231,531,122	25.6709%
2	REYES, EDGARDO P.	229,853,123	25.4849%
3	REYES, WILFRIDO P.	226,853,123	25.1522%
4	PCD NOMINEE CORP. - FILIPINO (EXCLUDING TREASURY SHARES)	162,315,229	17.9966%
5	CHUA, BENJAMIN UY	10,551,500	1.1699%
6	PCD NOMINEE CORP. (NON-FILIPINO)	8,122,271	0.9006%
7	R. COYIUTO SECURITIES, INC.	1,825,000	0.2023%
8	DE VILLA, LUISMI GALA	808,000	0.0896%
9	PEREZ, MA. GEORGINA V.	610,000	0.0676%
10	MANGUIAT, REMEDIOS J.	580,000	0.0643%
11	CRUZ, BENITO T. DELA	520,000	0.0577%
12	MITRA, RAMON	500,000	0.0554%
13	CABANES, LORETO	500,000	0.0554%
14	ESTRADA, JOSEPH	500,000	0.0554%
15	CHUA, ROJAS	500,000	0.0554%
16	LAYOSA, EDNA L.	500,000	0.0554%
17	MERCADO, TERESITA P.	500,000	0.0554%
18	OSMENA, RAMON	500,000	0.0554%
19	F. YAP SECURITIES, INC.	440,000	0.0488%
20	HIGHLAND SECURITIES PHILS.	430,000	0.0477%

DIVIDEND DECLARATION

The Company has no earnings yet from commercial production pertaining to the oil exploration segment of the business hence there were no dividends declared for the period ended December 31, 2022 and two years ended December 31, 2021 and December 31, 2020.

The Corporation has a dividend policy to declare dividends to stockholders of record, which are paid out of its unrestricted retained earnings. The declaration and payment of cash dividends are subject to approval by the Board of Directors without any further need for stockholders' approval. On the other hand, the declaration and payment of stock dividends require the further approval of the stockholders representing no less than two-thirds (2/3) of the Corporation's outstanding capital stock.

RECENT SALE OF UNREGISTERED OR EXEMPT SECURITIES

There had been no sale of unregistered or exempt securities, including recent issuance of securities constituting an exempt transaction by the Company in the last three years.

Item 6: CORPORATE GOVERNANCE

The Board of Directors and Management of the corporation hereby commit themselves to the principles and best practices contained in the **Revised Manual on Corporate Governance** and acknowledge that the same may guide the attainment of their corporate goals.

This Manual shall institutionalize the principles of good corporate governance in the entire organization. The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization.

An evaluation system is being set in place in relation to the provisions of the Manual on Corporate Governance to measure the level of compliance by directors and top management.

The company has been implementing its formal compliance program such that its officers and employees on various occasions attended training sessions and seminars provided by the PSE, SEC and other third-party providers.

There has been no deviation from the company's Manual of Corporate Governance.

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

The Company revised its Corporate Governance Manual in accordance with SEC Memorandum Circular No. 6 Series of 2009.

CERTIFICATE OF ATTENDANCE

I, **MAGILYN T. LOJA**, Filipino, of legal age with office address at the 4th Floor S & L Building, Dela Rosa cor. Esteban Streets, Legaspi Village, Makati City, hereby certify:

1. That I am the Corporate Secretary of SOCResources, Inc. (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines, with principal office address at the 4th Floor ENZO Building, 399 Senator Gil Puyat, Makati City;

2. That each of said Corporation's incumbent Directors attended all of the meetings of the Board of Directors held during the year 2022; and

3. That the Corporation had the following meetings for the year ended 31 December 2022:


<u>Kind of Meeting</u>	<u>Date Held</u>
Board of Directors – Special Meeting	06 April 2022
Board of Directors – Special Meeting	12 April 2022
Board of Directors – Special Meeting	12 May 2022
Stockholders – Annual Meeting	17 June 2022
Organizational Meeting	17 June 2022
Board of Directors – Special Meeting	19 September 2022
Board of Directors – Special Meeting	07 November 2022

IN WITNESS WHEREOF, I have hereunto affixed my signature this 31st day of January 2023 at Makati City.


MAGILYN T. LOJA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 31st day of January 2023, affiant, who is personally known to me, and/or has satisfactorily proven to me her identity through competent evidence, exhibiting to me her Community Tax Certificate No. 08789051 issued at Makati City on 24 January 2022 and Driver's License No. N02-94-237237 valid until 6 May 2032.

Doc. No.: 079;
Page No.: 45;
Book No.: 1;
Series of 2023.

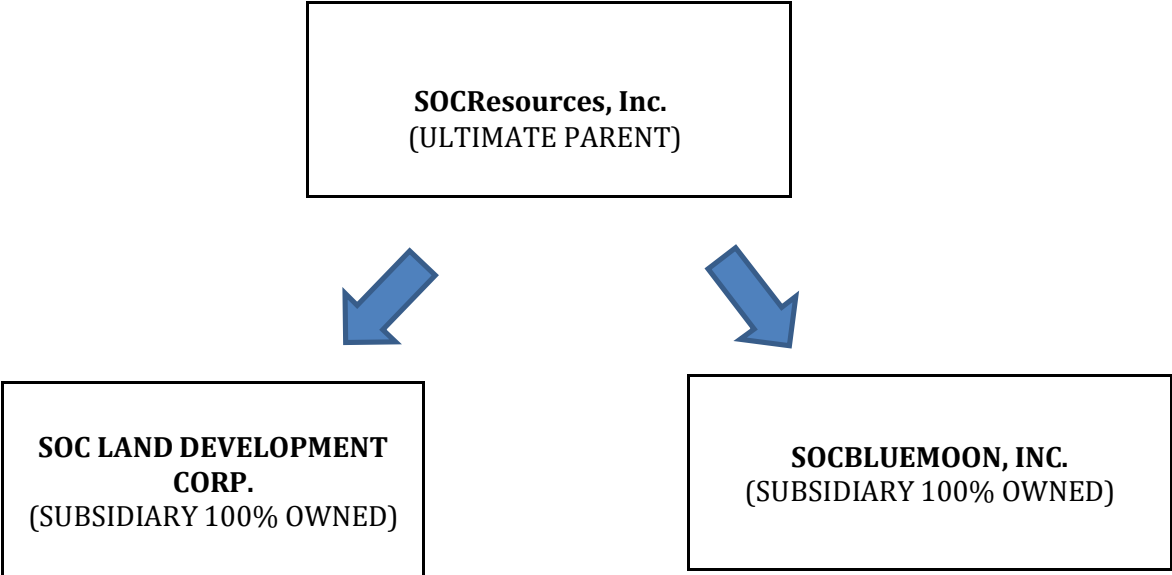

RAIZZA DAWN ANGELI C. DAVID
Commission No. M- 402
Notary Public – Makati City
Until December 31, 2023
Esguerra & Blanco Law Offices
4th & 5th Floors, S&L Building, De La Rosa corner
Esteban Sts., Legaspi Village, Makati City 1200
PTR No. 9566739/01-03-23/Mak
IBP No. 265247/01-03-23/Pampang
Roll No. 81386
(Admitted to the Philippine Bar on 23 May 2022)



"ANNEX 2"

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
MARCH 31, 2023



REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) S.S.

SECRETARY'S CERTIFICATE

I, MAGILYN T. LOJA, of legal age, Filipino and resident of the Philippines, under oath, depose and state:

1. I am the duly elected and qualified Corporate Secretary of SOCRESOURCES INC. (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal offices at the 4th Flr. Enzo Building, 399 Sen. Gil Puyat Avenue, Bel-Air Village, Makati City;

2. At the special meeting of the Board of Directors held via videoconference on 20 April 2023, at which a quorum was present, the following resolutions were unanimously adopted and approved:

"WHEREAS, the Corporation's By-laws provides that the Annual Stockholders' Meeting shall be held on the last Friday of May of every year, or on 26 May 2023;

"RESOLVED, as it is hereby resolved, that the Corporation be authorized to reset the Annual Stockholders' Meeting to 16 June 2023;

"RESOLVED, FURTHER, that the record date for the purpose of the Annual Stockholders' Meeting is on 17 May 2023;

"RESOLVED, FURTHER, that the Corporation is hereby authorized to send out notices of the meeting to the Stockholders together with the Securities and Exchange Commission (SEC) Form 20-IS within the period prescribed by law;

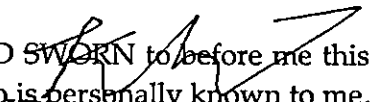
"RESOLVED, FURTHER, that the Corporation is hereby authorized to conduct the Annual Stockholders' Meeting through remote means, including but not limited to, teleconferencing, videoconferencing, and/or voting *in absentia*, as allowed under SEC Memorandum Circular No. 6, Series of 2020;

"RESOLVED, FINALLY, that the foregoing resolutions shall be valid and subsisting unless otherwise revoked or amended by subsequent resolutions."

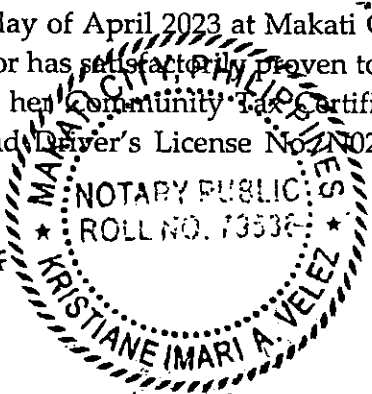
IN WITNESS WHEREOF, I have hereunto set my hand on this 20th day of April 2023 at Makati City, Metro Manila.


MAGILYN T. LOJA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 20th day of April 2023 at Makati City, Metro Manila, affiant, who is personally known to me, and/or has satisfactorily proven to me her identity through competent evidence, exhibiting to me her Community Tax Certificate No. 2672430 issued at Makati City on 31 January 2023 and Driver's License No. 2N02-94-237237 valid until 6 May 2032. Until December 31, 2023


KRISTIANE IMARI A. VELEZ
Commission No. M-386
Notary Public - Makati City

Escudero & Associates, Inc. Attorneys
4th & 5th Floors, S&A Building, 1229
Esteban St., Legaspi Village, Makati City 1229
PTR No. 058-0000000-0000
IBP No. 274165/01-06-20/Makati City Chapter
Roll No. 79536



Doc. No. 790
Page No. 42
Book No. 11
Series of 2023.

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S. S.

AFFIDAVIT OF PUBLICATION

I, ADELA GERSALIA MENDOZA, of legal age, Filipino, married and a resident of 14 Registration St. SSS Homes North, Quezon City Philippines after having duly sworn to in accordance with law, hereby declare and testify.

1. That I am the Sales Director – Classified Advertising of the PHILIPPINE DAILY INQUIRER, INC., publisher of the Philippine Daily Inquirer which is being published daily in English, of general circulation with editorial and business address at Chino Roces St. cor. Yague and Mascardo Sts., Makati.

2. That at the order of
SOCResources, Inc.

RE: Notice of Annual Stockholders' Meeting

Text of which would be described as follows:

AS PER ATTACHED

Has been published in the Philippine Daily Inquirer in its issue/issues of:

May 18 and 19, 2023

Affiant Further Sayeth
Naught, Makati Philippines _____



ADELA G. MENDOZA
Affiant

SUBSCRIBED AND SWORN to before me this
MAY 19 2023 day of _____
PHILIPPINES, affiant exhibited to me her Driver's
License No. 102-01-455507 issued at Quezon City
valid until October 10, 2023 and her SSS No. 03-
9451924-9, bearing her photograph and signature.

Doc. No. 121 ;
Page No. 26 ;
Book No. 103 ;
Series of 2023.

ATTY. JOSHUA P. LAPUZ
Notary Public Makati City
Until Dec. 31, 2023

Appointment No. M-019-(2022-2023)
PTR No. 9563523 Jan. 3, 2023 / Makati City
IBP Lifetime No. 04897 Roll No. 45790
MCLE Compliance No. VI-0016565
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City

REPUBLIC OF THE PHILIPPINES)
) S.S
Quezon City, Metro Manila)

AFFIDAVIT OF PUBLICATION

I, **BERNARD E. ENOLVA**, Filipino, of legal age, being first duly sworn
according to law, declare and testify :

That I am the **Billing & Collection Manager** of BUSINESSWORLD, a newspaper of
general circulation in the Philippines, with editorial and business offices at
#95 Balete Drive Extension, New Manila, Quezon City.

That the order of the SOCRESOURCES, INC.
entitled NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Text of which could be described as follows:

as per attached clipping.

has been published in the BUSINESSWORLD in its issue(s) of MAY 18 & 19, 2023

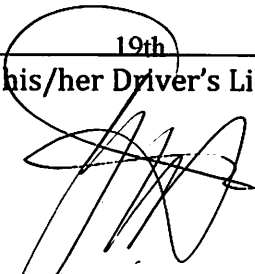
FURTHER AFFIANT SAYETH NOT.

Quezon City, Metro Manila


BERNARD E. ENOLVA
Affiant

SUBSCRIBED AND SWORN to before me this 19th
day of May 2023 affiant having exhibited to me his/her Driver's License
ID with No. N02-17-016165.

Doc. No. 287
Page No. 59
Book No. III
Series of 2023


GARY A. SANCIO
Notary Public
Until December 31, 2024
Adm. Matter No. 177
Roll No. 44261

IBP No. 1082447 (LIFETIME)/06-30-17/Q.C.
PTR No. 4029362/01-06-2023/Q.C
MCLE Compliance No. VII-0011638/03-01-22



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

MAY 02 2023

MAKATI CITY

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

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

Doc. No.: 146;
Page No.: 31;
Book No.: 42;
Series of _____

ATTY. GEORGE DAVID D. SITON

NOTARY PUBLIC FOR MAKATI CITY

APPT. NO. 07-61 - UNTIL DEC. 31, 2022

ROLL NO. 68402 / MCLE COMPLIANCE NO. VII-0010336/2-15-2022

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

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

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

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A	A	C	F	S
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C	R	M	D
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N	/	A	
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COMPANY INFORMATION

socinfo@socres.com.ph

(02) 8804-1978

	N/A
--	-----

357

06/17

12/31

CONTACT PERSON INFORMATION	
NAME	
PHONE	
EMAIL	
ADDRESS	
CITY	
STATE	
ZIP	
COUNTRY	

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

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.



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			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
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.



SOCRESOURCES, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Corporate Information

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

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

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

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

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

Status of Operations

Real Estate Development

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

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

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



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

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

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

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

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

As of 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 is beyond the preliminary stage.

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

Real estate sales and cost of real estate sales amounted to ₱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)
Reposessed 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

- 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.
- 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.
- 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

- 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.
- 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.
- Penalties are additional fees imposed on customers due to their failure to make payments on time.
- Other charges included within “Others - net” mainly pertain deficiency taxes paid and costs related to the incorporation of SOCBlumoon.

17. Retirement Benefit Obligation

The Group has an unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. RA No. 7641 (“Retirement Pay Law”), an act amending article 287 of Presidential Decree No. 442 (“Labor Code of the Philippines”), requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The latest actuarial valuation report is as at December 31, 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	(P321,944)
	(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	P7,879,155	P7,627,411
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

- 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.
- 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	P13,876,852	P18,190,810	P9,942,115
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	P11,688,583	P15,328,388	(P320,178)



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)
	(P6,273,692)	(P4,869,710)

- 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	P28,744,098	P7,668,295	P31,843,943	P7,960,986
Retirement benefits obligation	7,509,525	1,877,381	7,671,097	1,917,774
Unrealized foreign exchange loss	—	—	195,855	48,964
	P36,253,623	P9,545,676	P39,710,895	P9,927,724

- 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	P13,010,731	P—	P13,010,731	P—	P—	P—	P2022
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
	P31,843,943	P9,910,886	P13,010,731	P—	P28,744,098	P7,186,025	

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		Terms	Conditions
	2022	2021	2022	2021		
<i>Entity under common control</i>						
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
<i>Due from officers and directors (included as part of "Advances to officers and employees" under Receivables)</i>	-	-	-	-	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	2020
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
<i>Authorized - ₱1 par value</i>	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:

Segments	For the year ended December 31		
	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						Total
	Current			Past Due			
	Minimal Risk	Average Risk	High Risk	1-90 Days	More than 90 days	Credit Impaired	
Financial assets							
Cash and cash equivalents*	₱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						Total
	Current			Past Due			
	Minimal Risk	Average Risk	High Risk	1-90 Days	More than 90 days	Credit Impaired	
Financial assets							
Cash and cash equivalents*	P491,175,716	P—	P—	P—	P—	P—	P491,175,716
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
	P751,172,008	P—	P—	P2,658,016	P421,456	P15,000,000	P739,251,480

*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				Total
	12-Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Vintage Analysis	
Financial Assets at Amortized Cost					
Cash in banks and cash equivalents*	₱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				Total
	12-Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Vintage Analysis	
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 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	P60,666,723	P430,538,993	P—	P—	P491,205,716
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	P27,339,778	P456,586,235	P167,413,255	P25,699,739	P677,039,007

*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 (P2.88 million in 2021), and other comprehensive income by P6.42 million and P5.56 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 P0.59 million, P0.37 million and (P0.32 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 P55.76, P50.99 and P48.02, 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).



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

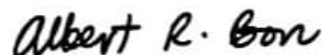


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

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
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**

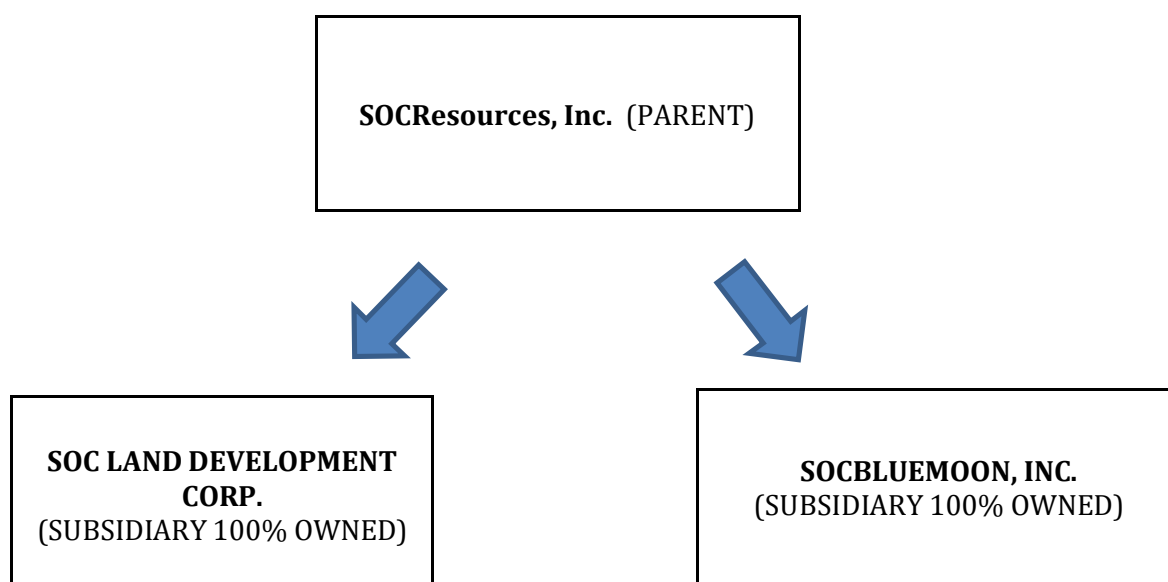
Unappropriated retained earnings available for dividend declaration as at December 31, 2021		₱278,359,001
Add: Net loss actually during the year		
Net loss earned during the year		(5,480,669)
Less: Non-actual/unrealized income net of tax:		
Equity in net income of associate/joint venture	—	
Unrealized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

Name and Designation of Debtor	Balance at the Beginning of Period	Additions	Deductions		Current	Non-Current	Balance at end of Period
			Amounts Collected	Amounts Written Off			
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	$\frac{\text{Cash and Cash Equivalents} + \text{Short-term Investments} + \text{Installment Contracts Receivable, current} + \text{Contract Assets, current} + \text{Other Receivables, current}}{\text{Total Current Liabilities}}$	3.63	4.28
Solvency	$\frac{\text{Net Income after Tax} + \text{Depreciation Expense}}{\text{Total Liabilities}}$	0.08	0.08
Debt-to-equity	$\frac{\text{Accounts payable and other liabilities} + \text{Contract liabilities}}{\text{Total equity (net of other comprehensive income)}}$	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	$\frac{\text{Net Income Before Tax} + \text{Depreciation Expense} + \text{Interest Expense}}{\text{Interest Expense}}$	—	—
Return on equity (%)	$\frac{\text{Net Income after Tax}}{\text{Stockholder's Equity}} \times 100$	1.84%	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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2023**
2. SEC Identification Number **ASO92-06441** 3. BIR Tax Identification No. **001-945-016**
4. Exact name of issuer as specified in its charter **SOCResources, Inc.**
5. **Philippines** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **4th Floor ENZO Bldg. 399 Senator Gil Puyat Avenue**
Makati City **1200**
Address of principal office Postal Code
8. **(632) 8804-1977 / 8804-1978**
Issuer's telephone number, including area code
9. **SOUTH CHINA RESOURCES, INC./ ENZO Bldg. Senator Gil Puyat Avenue**
Makati City
Former name, former address and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sec. 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding |
|----------------------|--|
| Common Shares | 901,920,568 |

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

Yes [**X**] No []

If yes, state the name of such stock exchange and the class/es of securities listed therein:

Name of Stock Exchange
Philippine Stock Exchange

Class of Securities listed
Common Shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period the issuer was required to file such reports);

Yes [**X**] No []

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

Yes [**X**] No []

PART 1 – FINANCIAL INFORMATION

Item 1: Financial Statements**Financial Report**

- a) The accompanying interim financial statements are prepared in accordance with the Philippine Financial Reporting Standards (PFRS).
- b) There were no changes made in the accounting policies and methods of computation as compared with the last annual financial statements.
- c) Quarterly financial statements are prepared for the interim operations for the updated information of the stockholders and basis for the decision making of the management.
- d) For this interim period, the Company has no unusual transactions or had encountered events that affect materially its assets, liabilities, equity, net income or cash flows.
- e) The Company did not report in its financial statements any estimates of amount of a given transactions for this interim period and in prior interim periods.
- f) There were no issuances, repurchases, and repayments of debt securities for this interim period.
- g) There are no changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.
- h) The Company has no contingent assets or liabilities since the last annual balance sheet date.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

BUSINESS

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

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

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

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

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

property development arm of the company. 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 P5.0 billion to generate approximately P7.0 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, the Company'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, the Company 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 Company 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 the Company. On December 14, 2011, the Housing and Land Use Regulatory Board released the Company'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.

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

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

Coffee and coconut are envisioned to be the main crops of the area. Coffee is the second most traded commodity worldwide.

The Philippines consumes about 170,000 metric tons of coffee (Phil. Coffee Board) and is a net importer of coffee. It imports almost 70% of its coffee needs.

While the Company waits for the Palawan agro-forestry project to start, it has acquired green coffee beans from select Mindanao farms. It had a soft launch of a coffee product line in the third quarter of 2021 under the Blue Moon trademark issued by the IPO (Intellectual Property Office) in May 2019 under SOCBlueMoon which registered in Nov 19, 2020. Blue Moon coffee is sold online. The Company moves to improve its marketing and sales strategies as well as expand its product line.

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

The Company applied for an Exploration Permit Application with the Mines and Geosciences Bureau Regional Office No. VII covering an area of 843 hectares, completing payment of application fees last August 5, 2020. The application is undergoing evaluation by MGB Region VII office.

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

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

The Company's subsidiary is SOC Land Development Corporation and SOCBluemoon, Inc. as of March 31, 2023.

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

CONSOLIDATED RESULTS OF OPERATIONS

Financial Highlights

(In PHP)

FOR THE PERIOD ENDED MARCH 31, 2023 & MARCH 31, 2022

ACCOUNTS	March 31, 2023	March 31, 2022	% CHANGE
REVENUES	42,253,079	28,940,444	46.00%
COST AND EXPENSES	34,445,739	33,774,954	1.99%
INCOME (LOSS) BEFORE INCOME TAX	7,807,340	(4,834,510)	261.49%
PROVISION FOR INCOME TAX	-	-	-100.00%
NET INCOME/(LOSS)	7,807,340	(4,834,510)	261.49%
UNREALIZED VALUATION GAINS ON EQUITY at FVTOCI	1,119,746	(1,007,325)	211.16%
TOTAL COMPREHENSIVE INCOME/(LOSS)	8,927,086	(5,841,835)	252.81%

2023 VS 2022: RESULTS OF OPERATIONS

SOCLand registered net income of P 6.41 million for the first quarter 2023 an increase of 352.62% from last year's net loss of P2.53 million. Sales for the quarter increased by 23.46% to P34.56.00 million from same period last year of P28.00 million. Recognized sales for the year accounted for as follows: Anala amounting to P21.32 million, Althea amounting to P11.14 million and Althea Phase 2 of P2.1 million. Corresponding costs of sale for Anala, Althea and Althea Phase 2 is P12.58 million, P5.07 million and P.82 million, respectively. Other income on the other hand dropped by P659.02% from (.251) million to (P1.40) million. These consists of late payment penalties, forfeited payments, interest earned on in-house financing and payment of other expenses.

FOR THE PERIOD ENDED MARCH 31, 2022 & MARCH 30, 2021

ACCOUNTS	March 31, 2022	March 31, 2021	% CHANGE
REVENUES	28,940,444	47,679,245	-39.30%
COST AND EXPENSES	33,774,954	39,030,442	-13.47%
INCOME (LOSS) BEFORE INCOME TAX	(4,834,510)	8,648,803	-155.90%
PROVISION FOR INCOME TAX	-	-	-100.00%
NET INCOME/(LOSS)	(4,834,510)	8,648,803	-155.90%
UNREALIZED VALUATION GAINS ON EQUITY at FVTOCI	(1,007,325)	(1,067,552)	5.64%
TOTAL COMPREHENSIVE INCOME/(LOSS)	(5,841,835)	7,581,251	-177.06%

2022 VS 2021: RESULTS OF OPERATIONS

SOC Land registered a net loss of P 2.54 million for the first quarter 2022 a dropped of 125.99% from last year's net income of P9.77 million. Sales for the quarter is down by 39.33% to P28.00 million from same period last year of P46.30 million. Recognized sales for the year accounted for as follows: Anala amounting to P23.94 million, Althea Townhouse amounting to P3.72 million and Anala Parking of P.55 million. Corresponding costs of sale for Anala, Althea and Anala Parking is P14.90 million, P1.45 million and P.36 million, respectively. Other income on the other hand dropped by P659.02% from (.251) million to (P1.40) million. These consists of late payment penalties, forfeited payments, interest earned on in-house financing and payment of other expenses.

The parent, SOCResources, Inc. earned an interest income of ₱0.8M from investment in time deposits and savings. 38% of the consolidated general and administrative (CG&A) expense pertains to the personnel cost amounting to ₱4.8M, 8% of CG&A are travel and transportation amounting to ₱1.04M and 7% of CG&A pertains to Taxes and Licenses amounting to ₱0.9M. Bulk of the sales and marketing expenses pertains to Sales Commission of ₱1.87M.

CONSOLIDATED RESULTS OF OPERATIONS**Financial Highlights
(In PHP)****FOR THE PERIOD ENDED MARCH 31, 2021 & MARCH 30, 2020**

ACCOUNTS	March 31, 2021	March 31, 2020	% CHANGE
REVENUES	47,679,245	8,457,251	463.77%
COST AND EXPENSES	39,030,442	15,818,259	146.74%
INCOME (LOSS) BEFORE INCOME TAX	8,648,803	(7,361,008)	217.49%
PROVISION FOR INCOME TAX	-	-	-100.00%
NET INCOME/(LOSS)	8,648,803	(7,361,008)	217.49%
UNREALIZED VALUATION GAINS ON EQUITY at FVTOCI	(1,067,552)	(2,016,702)	47.06%
TOTAL COMPREHENSIVE INCOME/(LOSS)	7,581,251	(9,377,710)	180.84%

2021 VS 2020: RESULTS OF OPERATIONS

The Company registered a net income of P 9.77 million for the first quarter 2021 a turn-around of 217% from last year's net loss of P8.37 million. Sales for the year is up by 426% to P46.30 million from same period last year of P8.81 million. Recognized sales for the year accounted for as follows: Anala amounting to P19.77 million, Althea amounting to P25.98 million and Anala Parking of P.55 million. Corresponding costs of sale for Anala, Althea and Anala Parking is P13.20 million, P12.04 million and P.56 million, respectively. Other income on the other hand increased by P106.79% from (P3.70) million to P.251 million. These consists of late payment penalties, forfeited payments, interest earned on in-house financing and payment of other expenses.

The parent, SOCResources, Inc. earned an interest income of ₱1.06M from investment in time deposits and savings. 45% of the consolidated general and administrative (CG&A) expense pertains to the personnel cost amounting to ₱4.5M, 11%

of CG&A are travel and transportation amounting to ₱1.04M and 7% of CG&A pertains to Rent and Utilities amounting to ₱0.7M. Bulk of the sales and marketing expenses pertains to Sales Commission of ₱2.50M.

CONSOLIDATED FINANCIAL POSITION

Financial Highlights

(in PHP)

FOR THE PERIOD ENDED MARCH 31, 2023 & MARCH 31, 2022:

ACCOUNTS	March 31, 2023	March 31, 2022	% CHANGE
CURRENT ASSETS	1,959,934,010	1,830,183,562	7.09%
NONCURRENT ASSETS	163,583,494	181,770,343	-10.01%
TOTAL ASSETS	2,123,517,504	2,011,953,905	5.55%
CURRENT LIABILITIES	259,111,565	173,121,040	49.67%
NONCURRENT LIABILITIES	166,018,930	194,750,515	-14.75%
TOTAL LIABILITIES	425,130,495	367,871,555	15.56%
EQUITY	1,698,387,009	1,644,082,350	3.30%
TOTAL LIABILITIES AND EQUITY	2,123,517,504	2,011,953,905	5.55%

2023 VS 2022: FINANCIAL CONDITION

SOCLand's Receivable increased by 15.71% brought about by an increase in advances to HDMF on conversion balance of taken out units and advances to agents in the normal course of business. Contract assets dropped by 21.85% or P8.88 million due to collection of receivables. Real estate inventories increased by P1.54 brought about by the net effect of the cost of sold units and the payments to Construction for Azalea and Contractor for Land Development at Althea Phase 2. Other current assets increased by 22.95% due to increased input tax on purchase of goods and services.

Accounts payable and other current liabilities increased by 8.20% or P6.35 million due to the accrual of expenses for the quarter.

Non-Current Contract liabilities increased by 24.45% from setup of payable for customer's account deposit, processing fee and reservation fee for sales for Azalea, Althea Phase 2 and Villas.

CONSOLIDATED FINANCIAL POSITION

Financial Highlights

(in PHP)

FOR THE PERIOD ENDED MARCH 31, 2022 & MARCH 31, 2021:

ACCOUNTS	March 31, 2022	March 31, 2021	% CHANGE
CURRENT ASSETS	1,830,183,562	1,826,678,316	0.19%
NONCURRENT ASSETS	181,770,343	121,272,323	49.89%
TOTAL ASSETS	2,011,953,905	1,947,950,639	3.29%
CURRENT LIABILITIES	173,121,040	217,175,621	-20.29%
NONCURRENT LIABILITIES	194,750,515	104,968,167	85.53%
TOTAL LIABILITIES	367,871,555	322,143,788	14.19%
EQUITY	1,644,082,350	1,625,806,851	1.12%
TOTAL LIABILITIES AND EQUITY	2,011,953,905	1,947,950,639	3.29%

2022 VS 2021: FINANCIAL CONDITION

SOC Land's Receivable inched by 3.18% brought about by an increase in advances to HDMF on conversion balance of taken out units and advances to employees in the normal course of business. Contract assets dropped by 4.88% or P2.50 million due to collection of receivables. Real estate inventories inched up by P2.71 brought about by the net effect of the cost of sold units and the payments to Construction Manager for Azalea and Contractor for Land Development at Althea Phase 2. Other current assets increased by 13.70% due to increased input tax on purchase of goods and services. Accounts payable and other current liabilities inched up by 3.17% or P2.23 million due to accrual of expenses for the quarter. Non-Current Contract liabilities increased by 9.98% from setup of payable for customer's account deposit, processing fee and reservation fee for sales for Azalea, Althea Phase 2 and Villas. Cash and Cash equivalents rose by 4.29% brought about by takeout of 90% balance of accounts from Pag-Ibig and banks for the 1st quarter of the year.

CONSOLIDATED FINANCIAL POSITION

Financial Highlights (in PHP)

FOR THE PERIOD ENDED MARCH 31, 2021 & MARCH 31, 2020:

ACCOUNTS	March 31, 2021	March 31, 2020	% CHANGE
CURRENT ASSETS	1,826,678,316	1,739,257,477	5.03%
NONCURRENT ASSETS	121,272,323	131,624,218	-7.86%
TOTAL ASSETS	1,947,950,639	1,870,881,695	4.12%
CURRENT LIABILITIES	217,175,621	188,842,994	15.00%
NONCURRENT LIABILITIES	104,968,167	66,058,793	58.90%
TOTAL LIABILITIES	322,143,788	254,901,787	26.38%
EQUITY	1,625,806,851	1,615,979,908	0.61%
TOTAL LIABILITIES AND EQUITY	1,947,950,639	1,870,881,695	4.12%

2021 VS 2020: FINANCIAL CONDITION

SOC Land's Receivable increased by 8.15% brought about by an increase in advances to HDMF on conversion balance of taken out units and advances to employees in the normal course of business. Contract assets rose by 8.55% or P4.67 million due to increase in current receivable from sold units. Real estate inventories dropped by P8.47M brought about by the net effect of the cost of sold units and the payments to Construction Manager for Azalea and Contractor for Land Development at Althea Phase 2. In the first quarter of the year SOC Land tapped the Construction Management Services of DCCD Engineering Corporation for Azalea Project. Also, awarded Gercel Construction and Development Group, Inc. for the land development of Althea Phase 2. Other non-current assets decreased by 28.44% due to closure of input tax allocable to non-vatable transaction to expense.

Accounts payable and other current liabilities dropped by 2.89% or P1.60 million due to payments of accounts and collection of checks by suppliers and sellers pending as at end 2020. Non-Current Contract liabilities increased by 18.93% from setup of payable for customer's account deposit, processing fee and reservation fee for sales for Azalea, Althea Phase 2 and Villas. The increase in consolidated current assets are also due to earnings from short-term investments and time deposits. Noncurrent liabilities increased due to the reclassification of contract liabilities to noncurrent.

KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the period ended March 31, 2023 and March 31, 2022.

Key Financial Ratios	March 31, 2023	March 31, 2022
Revenue Growth		
(Total Revenues (current period) - Total Revenues (prior period))/Total Revenues (prior period)	-98.02%	463.77%
Net income Growth/(Decline)		
Net Income (after tax) (current period)/ Net income (prior period, after tax)	155.90%	-217.49%
Solvency Ratio		
(After Tax Net Income+Depreciation)/Total Liabilities	-1.20%	3.07%
EBITDA		
Income from operations plus depreciation and amortization	(P 4,408,118)	P9,894,923
Asset to Equity Ratio		
Total Assets/Total Equity	1.2238 x	1.1981 x
Return on Equity (ROE)		
Net income/ Equity	-0.29%	0.53%
Return on assets (ROA)		
Net income/ Total Assets	-0.24%	0.44%
Current/Liquidity ratio		
Current Assets/ Current Liabilities	10.57 x	8.41 x
Debt to Equity Ratio		
Total Liabilities/ Equity	0.2238 x	0.1981 x

There was an increase in the total current assets and current liabilities of the group as of June 30, 2022, thus bringing down the current ratio from 13.21x to 11.37x for the period ending September 30, 2022.

SOCLand registered a net income of P 10.24 million for the third quarter 2022 a dropped of 72.61% from last year's net income of P 37.41 million. Sales for the quarter is down by 36.77.24% to P 104.95 million from same period last year of P165.99 million. This has caused a decrease on Revenue Growth and net Income growth as of period ending September 30, 2022. This has also caused the Return on Equity and Return on Assets to go down as against previous period September 30, 2021.

The Company has NO earnings yet from commercial production. Therefore, there were NO dividends declared for the period ended September 30, 2022.

There are no material trends, events or uncertainties that are reasonably expected to occur in the next interim period that will have a material favorable or unfavorable impact on the results of the Company's liquidity or sales.

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

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

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

The Company's cash requirement is provided by the management. There is no foreseen increase in funds for the next twelve months however the need should arise, the management will satisfy such cash requirements.

There is no expected purchase or sale of plant and significant equipment in the next twelve months.

For the period ended March 31, 2023, the Company still has no commercial production yet that will enable to support its dividend declaration. It has two wholly owned subsidiary, SOCLand Development Corporation and SOCBlumoon, Inc.

The material changes for this year in comparison with the prior year-end based on line items in the comparative financial statements as of March 31, 2023, 2022 and 2021 are summarized as follows:

ACCOUNTS	For the Period March 31			% CHANGE	
In Millions	2023	2022	2021	2023 vs 2022	2022 vs 2021
Statement of Financial Position					
Cash & Cash Equivalents	754.86	684.41	624.40	10.29%	9.61%
Receivables	38.01	25.57	30.37	48.67%	-15.82%
Contract assets	31.77	48.89	59.34	-35.03%	-17.61%
Prepayments & Other Current Assets	48.94	53.83	59.35	-9.09%	-9.29%
Equity investments at FVTOCI	65.37	54.55	42.81	19.85%	27.42%
Property & Equipment	30.15	33.11	37.01	-8.95%	-10.54%
Other noncurrent assets	6.31	8.76	8.75	-27.92%	0.06%
Accounts Payable & other Liabilities	84.35	73.03	54.13	15.50%	34.90%
Contract liabilities - current	174.76	100.10	163.04	74.60%	-38.61%
Retirement benefit obligation	7.43	9.03	6.59	-17.70%	37.04%
Deferred Tax Liabilities	6.27	-	-	100.00%	-100.00%
Retained Earnings - Unappropriated	-	132.83	123.04	-100.00%	7.96%
Statement of Comprehensive Income					
REVENUES					
Interest Income	4.27	0.80	1.06	433.18%	-24.52%
Real estate sales from contract with customers	34.57	28.00	46.30	23.46%	-39.53%
COST AND EXPENSES					
Cost of real estate sales	18.48	16.71	25.81	10.59%	-35.28%
Sales and marketing expenses	2.90	3.02	3.34	-4.04%	-9.40%
General and Administrative Expenses	12.96	12.64	9.88	2.56%	27.94%
Unrealized valuation gains on equity investments at FVTOCI	(1.07)	(1.07)	(1.07)	0.00%	0.00%

Discussion for January – March 2023 vis-à-vis January – March 2022

Cash & Cash Equivalents

Cash and cash equivalents decrease as of 1st quarter 2022 as compared to the same period last year due to payments of construction cost to Azalea and Site Development of Phase 2.

Receivable

Decrease was brought about by reclassification of accounts from current to noncurrent.

Real Estate Inventories

Real estate inventories inched up by P85.07 brought about by the net effect of the cost of sold units and the payments to Construction Manager for Azalea and Contractor for Land Development at Althea Phase 2.

Prepayments and Other Current Assets

SOC Land's Other current assets decreased due to input tax offset against output tax.

Equity investments at FVTOCI

Due to the increase in the market value of equity holdings.

Property and equipment

Decrease was due to depreciation.

Accounts Payable and other liabilities

Accounts payable and other current liabilities inched up by 19.43% or P13.73 million due to accrual of expenses for the quarter.

Contract Liabilities

Non-Current Contract liabilities increased by 38.93% from setup of payable for customer's account deposit, processing fee and reservation fee for sales for Azalea, Althea Phase 2 and Villas.

Retirement Benefit obligation

The group recognized additional amount for the retirement benefit of the employees.

Deferred Tax Liabilities

Pertains to the tax liabilities recognized for the gain in the Parent company's golf shares holdings.

Sale of Real estate

Sales for the quarter increased by 23.46% to P34.56.00 million from same period last year of P28.00 million. Recognized sales for the year accounted for as follows: Anala amounting to P21.32 million, Althea amounting to P11.14 million and Althea Phase 2 of P2.1 million. Corresponding costs of sale for Anala, Althea and Althea Phase 2 is P12.58 million, P5.07 million and P.82 million, respectively. Other income on the other hand dropped by P659.02% from (.251) million to (P1.40) million. These consists of late payment penalties, forfeited payments, interest earned on in-house financing and payment of other expenses.

Other Income

Other income on the other hand dropped by P659.02% from (.251) million to (P1.40) million. These consists of late payment penalties, forfeited payments, interest earned on in-house financing and payment of other expenses.

Sales and marketing expense

The selling and marketing expenses dropped by 4.04% from P3.02 million to P2.90 million in 2023.

Discussion for January - March 2022 vis-à-vis January – March 2021

Cash & Cash Equivalents

Cash and cash equivalents increased as of 1st quarter 2022 as compared to the same period last year due to the maturity of investments in short-term investments and collection of various receivables by SOC Land.

Receivable

Decrease was due to reclassification of account.

Prepayments and Other Current Assets

Decrease was brought about by the amortization of prepaid expenses.

Equity investments at FVTOCI

Due to the increase in market value of equity holdings.

Property and equipment

Increase was due to the acquisition of equipment for the research phase of the parent's current project.

Accounts Payable and other liabilities

Accounts payable and other current liabilities inched up due to accrual of expenses for the quarter.

Retirement Benefit obligation

The group recognized additional amount for the retirement benefit of the employees.

Deferred Tax Liabilities

Pertains to the tax liabilities recognized for the gain in the Parent company's golf shares holdings.

Sale of Real estate

SOC Land's Sales for the quarter is down by 39.33% to P28.00 million from same period last year of P46.30 million. Recognized sales for the year accounted for as follows: Anala amounting to P23.94 million, Althea Townhouse amounting to P3.72 million and Anala Parking of P.55 million.

Other Income

Other income on the other hand dropped by P659.02% from (.251) million to (P1.40) million.

Sales and marketing expense

Bulk of the sales and marketing expenses pertains to Sales Commission of ₱1.8M.

General and Administrative expense

45% of the consolidated general and administrative (CG&A) expense pertains to the personnel cost amounting to ₱4.5M, 11% of CG&A are travel and transportation amounting to ₱1.04M and 7% of CG&A pertains to Rent and Utilities amounting to ₱0.7M.

Discussion for January - March 2021 vis-à-vis January – March 2020

Cash & Cash Equivalents

Cash and cash equivalents increased as of 1st quarter 2021 as compared to the same period last year due to the maturity of investments in short-term investments and collection of various receivables by SOC Land.

Receivable

Increase was due to reclassification of account.

Prepayments and Other Current Assets

SOC Land's other current assets increased by P5.96 million due to creditable taxes remitted on fully paid units, prepayments and input taxes on payments made.

Equity investments at FVTOCI

Due to the increase in market value of equity holdings.

Property and equipment

Increase was due to the acquisition of equipment for the research phase of the parent's current project.

Accounts Payable and other liabilities

Decrease is due to payments of trade and non-trade accounts.

Retirement Benefit obligation

The group recognized additional amount for the retirement benefit of the employees.

Deferred Tax Liabilities

Pertains to the tax liabilities recognized for the gain in the Parent company's golf shares holdings.

Sale of Real estate

Sales for the year is down by 42.30% to P8.81 million from same period last year of P15.27 million. Recognized sales for the year accounted for as follows: Anala amounting to P4.3 million and Althea amounting to P4.51 million. Corresponding costs of sale for Anala and Althea is P2.66 million and P2.24 million, respectively.

Other Income

Other income on the other hand dropped by P309.92% from P1.76 million to (P3.70) million. These consists of late payment penalties, forfeited payments, interest earned on in-house financing and payment of other expenses

Sales and marketing expense

Bulk of the sales and marketing expenses pertains to Sales Commission of ₱3.8M.

General and Administrative expense

38.50% of the consolidated general and administrative (CG&A) expense pertains to the personnel cost amounting to ₱3.88M, 11.82% of CG&A are travel and transportation amounting to ₱1.19M and 11.78% of CG&A pertains to Taxes & Licenses amounting to ₱1.18M.

Results and Plans of Operation

Real Estate: SOC Land

SOC Land's vertical residential development project, ANUVA RESIDENCES located at Muntinlupa City has completed its first tandem building project known as ANALA. As of December 31, 2021, 432 of the 533 units have been sold corresponding to 81.05 % of the inventory.

AZALEA the second tandem building of ANUVA RESIDENCES is still in a pre-selling stage which is focusing on the Green Urban Living image. Azalea has sold 291 of its 618 units that corresponds to 47.09% of the total inventory.

SOC Land's horizontal residential development project, ALTHEA RESIDENCES located at Biñan City Laguna has sold a total of 224 of 228 units, a combination of townhouses, lots and house & lots that correspond to 98.24% of the total inventory. Eighty-one (81) units have already been constructed, sixty-six (76) of which have been turned over to end-users.

Althea Residences Phase 2, officially launched in October 2019 and on May 2022 the land development has been completed of the 2.4-hectare expansion phase with 122 of the 132 (92.42%) house and lot packages sold. The house construction started last October 2023, and completed by batches by 1Q 2024. Althea Residences Phase 3 expansion called the Althea Villas project is in the planning stage for launch in the 3Q 2023 offering 135 townhouse units and is expected to sell out a few months after sales launch.

Other Energy, Mineral and Resource Based Opportunities

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

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

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

The Company had a soft launch of a coffee product line in the third quarter of 2021 under the Blue Moon trademark issued by the IPO (Intellectual Property Office) in May 2019 under SOCBluemoon which registered in Nov 19, 2020. Blue Moon coffee is sold online. The Company moves to improve its marketing and sales strategies as well as expand its product line.

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

Agri-Business	\$3MM
Other Energy, Mineral & Resources Based Opportunities	\$ 300K for Assessment Studies

PROSPECTS FOR THE FUTURE

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

(1) Prospects for SOC Land Development Corporation

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

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

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

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

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

(2) Prospects for Agri-based businesses

The Company entered into an agreement with the Palawan ICC (Indigenous Cultural Community) Campong It Mapangarapan It Palawano (CAMPAL) of Rizal, Palawan to undertake agro-industrial development of their ancestral land. The National Commission for Indigenous Peoples (NCIP) awarded the Company the Certificate of Pre-condition with FPIC (Free Prior Informed Consent) for the agreement last June 2016. The Company has completed project documentation with the LGUs (Local Government Units). SOC and CAMPAL conferred with the LGUs and the Palawan Council for Sustainable Development (PCSD) to secure the Strategic Environmental Plan (SEP) Clearance needed for the agro-industrial development with coffee as the initial undertaking. On March 8, 2018 the PCSD issued the SEP Clearance Certificate for the development of 3212 hectares of the IP area. The Company together with CAMPAL are securing documentation needed for an ECC for the project.

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

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

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

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

The Company applied for an Exploration Permit Application with the Mines and Geosciences Bureau Regional Office No. VII covering an area of 843 hectares, completing payment of fees last August 5, 2020. The application is undergoing evaluation by MGB Region VII office as the company awaits the NCIP certification.

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

SIGNATURES

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



SOCResources, Inc.
Issuer

A handwritten signature in black ink, appearing to read 'R. De Leon', written over the printed name.

Ronna G. De Leon
Accounting Manager

Date : May 22, 2023

A handwritten signature in black ink, appearing to read 'Z. Padre, Jr.', written over the printed name.

Atty. Zosimo L. Padre, Jr.
Vice President - Finance

Date : May 22, 2023

SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
In PHP

	March 31 2023 (Unaudited)	March 31 2022 (Unaudited)	December 31 2022 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	754,864,100	684,406,801	749,297,686
Short-term Investments	-		
Receivables	38,010,060	25,566,935	32,984,952
Contract assets - current portion	31,766,416	48,894,336	40,649,073
Real estate inventories	1,086,354,247	1,017,481,133	1,069,895,239
Due from a related party	-		
Prepayments and other current assets	48,939,187	53,834,357	43,580,382
Total Current Assets	1,959,934,010	1,830,183,562	1,936,407,332
Noncurrent Assets			
Equity investments at fair value through other comprehensive income (FVTOCI)	65,373,960	54,545,910	64,254,214
Financial assets at fair value through profit or loss (FVTPL)	-	28,800,640	
Receivables - net of current portion	-		
Contract assets - net of current portions	45,683,249	47,571,430	47,937,143
Property and equipment - net	30,146,036	33,110,055	30,960,665
Deferred Income Tax Assets	16,068,787	13,855,752	16,068,787
Other noncurrent asset	6,311,462	8,756,266	2,964,651
Total Noncurrent Assets	163,583,494	186,640,053	162,185,460
TOTAL ASSETS	2,123,517,504	2,016,823,615	2,098,592,792
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other liabilities	84,347,102	73,025,289	78,898,609
Contract liabilities - current	174,764,463	100,095,751	140,434,549
Total Current Liabilities	259,111,565	173,121,040	219,333,158
Retirement Benefit Obligation	7,430,701	9,029,148	8,985,391
Deferred Tax Liability	6,273,692	4,869,710	6,273,692
Contract Liabilities - net of current portion	152,314,537	185,721,367	174,602,873
Total Noncurrent Liabilities	166,018,930	199,620,225	189,861,956
Total Liabilities	425,130,495	372,741,265	409,195,114
EQUITY			
Common Stock - P1 par value			
Authorized - 1 billion shares			
Issued 601,389,568 shares as of March 31,2023 , March 31,2022 and as of December 31,2022	601,389,568	601,389,569	601,389,568
Subscribed 305,170,000 shares as of Mar 31,2023 , Mar 31,2022 and as of December 31,2022 (net of subscription receivable of P228,877,500 as of March 31,2023 and as of Year end Dec 31,2022)	76,292,500	76,292,500	76,292,500
Additional paid in capital	72,272,141	72,272,140	72,272,141
Retained earnings:			
Appropriated	745,000,000	745,000,000	745,000,000
Unappropriated	176,574,089	132,833,520	168,766,749
Other comprehensive income	31,820,361	21,256,271	30,638,370
Treasury stock	(4,961,650)	(4,961,650)	(4,961,650)
Total Equity	1,698,387,009	1,644,082,350	1,689,397,678
TOTAL LIABILITIES AND EQUITY	2,123,517,504	2,016,823,615	2,098,592,792

SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
IN PHP

	March 31 2023 (Unaudited)	March 31 2022 (Unaudited)	December 31 2022 (Audited)
REVENUE FROM REAL ESTATE SALES	34,565,374	27,997,428	176,623,820
OTHER INCOME - NET			
Interest income	4,272,347	801,295	11,208,033
Dividend Income	4,554		115,615
Gain on fair value change of financial assets at FVTPL	-	49,441	89,409
Foreign exchange gains - net	-	92,280	592,196
Other Income - net	3,410,804		30,105,766
	7,687,705	943,016	42,111,019
COSTS AND EXPENSES			
Cost of real estate sales	18,476,277	16,706,975	105,742,661
General and administrative expenses	12,963,821	12,640,101	54,420,178
Sales and marketing expenses	2,901,570	3,023,820	15,784,698
Foreign exchange losses	104,071		
Other Charges - net		1,404,058	
	34,445,739	33,774,954	175,947,537
INCOME (LOSS) BEFORE INCOME TAX	7,807,340	(4,834,510)	42,787,302
PROVISION FOR INCOME TAX			
Current	-		13,876,852
Deferred	-		(2,188,269)
	-	-	11,688,583
NET INCOME (LOSS)	7,807,340	(4,834,510)	31,098,719
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) to be reclassified to profit (loss) in subsequent periods:</i>			
Unrealized valuation on FVTPL	-		
<i>Other comprehensive income (loss) not to be reclassified to profit (loss) in subsequent periods:</i>			
Unrealized valuation at FVTOCI	1,119,746	(1,007,325)	7,395,832
Actuarial gains (losses) on defined benefit plan	-		978,941
	1,119,746	(1,007,325)	8,374,773
TOTAL COMPREHENSIVE INCOME (LOSS)	8,927,086	(5,841,835)	39,473,492
 Basic/Diluted Income (Loss) Per Share	 0.0087	 (0.0054)	 0.0345
 * Computed as =	 Net income(loss) for the period	 Weighted average number of shares	 Weighted average number of shares
	7,807,340	(4,834,510)	31,098,719
	901,920,568	901,920,569	901,920,568

SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
IN PHP

	As of March 31		December 31
	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	7,869,579	(4,834,517)	42,787,302
Adjustments for:			
Retirement Benefit Expense			1,009,255
Depreciation and amortization	762,397	426,392	3,608,360
Unrealized foreign exchange losses (gains)	(104,071)	(92,280)	(592,196)
Interest income	(3,228,220)	(801,295)	(11,208,033)
Dividend Income	(15,180)	(124,890)	(115,615)
Investment in UITF	-		
Gain on fair value change of financial assets at FVTPL		(49,441)	(89,409)
Loss/(Gain) on repossession			(5,304,368)
Operating income (loss) before working capital changes	5,284,505	(5,476,031)	30,095,296
Decreases (Increases) in:			
Receivables	(11,235,677)	(1,324,326)	(7,118,222)
Contract asset - current	8,882,657	2,507,926	8,357,099
Real estate inventories	(16,459,008)	(2,711,311)	(49,821,051)
Other current assets	(7,961,234)	(5,757,165)	5,017,717
Retirement benefit obligation	-		
Prepayments and other current assets	(190,343)	(83,993)	
Contract asset - noncurrent	2,253,894	(2,030,375)	
Other noncurrent assets	(3)		
Increase (decrease) in:			
Contract liabilities - current	34,329,914	357,772	
Contract liabilities - noncurrent	(23,942,548)	16,854,268	46,432,345
Accounts Payable & Accrued Expenses	6,219,818	1,673,093	7,546,414
Cash flows generated from (used in) operations	(2,818,025)	4,009,858	40,509,598
Interest received	7,692,795	1,314,440	10,112,882
Income tax paid, including creditable withholding taxes	-	-	(8,058,649)
Net cash flows from (used in) in operating activities	4,874,770	5,324,298	42,563,831
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Short-term investments	-		
AFS financial assets	-		
Property and equipment		220,382	(812,197)
Acquisition of Property and equipment	(101,203)		
Proceeds from:			
Investment in treasury bills	-		
Short-term Investments		187,677,472	187,677,472
Redemption of UITF	-		28,840,608
Decrease in Other noncurrent assets			
Dividend Received	100,435	140,715	115,615
Decrease (increase) in other noncurrent assets	(29,200)		
Advances to agricultural projects		(254,063)	(885,555)
Advances to related party	-		
Net cash flows from (used in) investing activities	(29,968)	187,784,506	214,935,943
CASH FLOWS FROM A FINANCING ACTIVITY			
Net cash flows from (used in) Financing activities	-	-	-
EFFECT OF EXCHANGE RATE CHANGES			
ON CASH AND CASH EQUIVALENTS	104,073	92,280	592,196
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,948,875	193,201,084	258,091,970
CASH AND CASH EQUIVALENTS AT			
BEGINNING OF YEAR	749,915,225	491,205,717	491,205,716
CASH AND CASH EQUIVALENTS AT			
END OF YEAR	754,864,100	684,406,801	749,297,686

SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
IN PHP

	Common Stock		Additional	Retained Earnings		Other	Treasury	
	Issued	Subscribed - Net	Paid-In Capital	Appropriated	Unappropriated	Comprehensive Income	Shares	TOTAL
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
Collections of Subscription Receivable								-
Issuance of Common Stock								-
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
BALANCES AT DECEMBER 31, 2021	601,389,569	76,292,500	72,272,140	745,000,000	137,668,030	22,263,597	(4,961,650)	1,649,924,186
Collections of Subscription Receivable								-
Issuance of Common Stock								-
Total Comprehensive Income					(4,834,510)	(1,007,326)		(5,841,836)
Balances at March 31, 2022	601,389,569	76,292,500	72,272,140	745,000,000	132,833,520	21,256,271	(4,961,650)	1,644,082,350
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
Collections of Subscription Receivable								-
Issuance of Common Stock								-
Total Comprehensive Income					7,807,340	1,181,991		8,989,331
Balances at March 31, 2023	601,389,568	76,292,500	72,272,141	745,000,000	176,574,089	31,820,361	(4,961,650)	1,698,387,009

SOCRESOURCES, INC. AND SUBSIDIARY

Schedule 7: Key Performance Indicator

	KEY FINANCIAL RATIOS	March 31, 2023	March 31, 2022
I.	Current/Liquidity Ratios	7.56 x	10.57 x
II.	Solvency Ratio	2.02%	-1.18%
III.	Debt-to-equity ratio (in x)	0.2503 x	0.2267 x
IV.	Asset to Equity Ratio	1.2503 x	1.2267 x
V.	Interest Rate Coverage Ratio	N/A	N/A
VI.	Profitability Ratio		
	Return on Equity (ROE)	0.4597%	-0.29%
	Return on Assets (ROA)	0.3677%	-0.24%
VII.	Other Relevant Ratios		
	Revenue Growth/ (Decline)	46.00%	-39.30%
	Net Income Growth/ (Decline)	-261.49%	155.90%
	EBITDA	Php 8,569,737	(4,408,118)

SOCResources, Inc. and Subsidiary

Schedule 4: Aging of Consolidated Accounts Receivable

As of March 31,2023

	CURRENT					PAST DUE			Past due accounts & Items in Litigation
	Total	1 Month	2-3 Mos.	4-6 Mos.	7 Mos. To 1 Year	1-2 Years	3-4 Years	5 Years - Above	
Accounts Receivable									
1 Installment contract receivable	10,697,961	244,453	3,874,401	1,234,191	2,416,752	1,780,716	984,000	163,448	
2 Officers and employees	4,498,555	288,367	5,180	-	205,008	-	-	4,000,000	
3 South China Petroleum Int'l.	271,703	-	-	200	100	28,016	64,351	179,036	
4 Unit Owners	1,589,758	1,589,758	-	-	-	-	-	-	
5 Due from Althea HOA	-	-	-	-	-	-	-	-	
6 Due from HDMF	14,827,041	3,758,032	339,837	918,517	1,720,093	7,229,307	861,256	-	
7 Others	3,193,775	2,277,046	-	370,604	123,873	92,799	-	329,452	
Subtotal	38,010,060	8,255,988	4,268,807	2,574,293	6,690,706	9,574,090	1,909,607	4,736,568	
Less: Allow. For Impairment losses on receivables	-	-	-	-	-	-	-	-	-
A/R - net	38,010,060	8,255,988	4,268,807	2,574,293	6,690,706	9,574,090	1,909,607	4,736,568	NONE
Net Receivables	38,010,060	8,255,988	4,268,807	2,574,293	6,690,706	9,574,090	1,909,607	4,736,568	NONE

Notes: If the Company's collection period does not match with the above schedule and revision is necessary to make the schedule not misleading, the proposed collection period in this schedule may be changed to appropriately reflect the Company's actual collection period.

Accounts Receivable Description :

Type of A/R :	Nature/Description	Collection Period
1) Amount owed by a related party	Receivable from third party IPI Industries, Inc. (Principal & Interest)	monthly payment of interest & quarterly payment of principal
2) Officers and employees	Advances to employees for emergency purpose on a 1 year term payable monthly	monthly
3) Others	Receivable from third party	past due yet collectible
Notes : Indicate a brief description of the nature and collection period of each receivable accounts with major balances or separate receivable captions, both for trade and non-trade accounts.		

Normal Operating Cycle: 1 (one) year

SOCRESOURCES, INC. AND SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2023 AND DECEMBER 31, 2022

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

Corporate Information

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

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

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

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

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

Status of Operations

Real Estate Development

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

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

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

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

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

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

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

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

As of March 31, 2023, SOC Land is studying the feasibility of developing in other areas such as Baguio City, Manila City and Quezon City, among other places.

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.

Reposessed Inventories

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

Prepayments

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

Advances to Suppliers and Contractors

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

Creditable Withholding Taxes (CWT)

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

Value-added Tax (VAT)

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

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

Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation and 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:

<u>Asset Type</u>	<u>Number of years</u>
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 is beyond the preliminary stage.

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

Real estate sales and cost of real estate sales amounted to ₱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

	Mar. 31, 2023	Dec. 31, 2022
Cash on hand	₱125,000	₱125,000
Cash in banks	59,045,531	205,753,607
Cash equivalents	695,693,569	543,419,079
	₱754,864,100	₱749,297,686

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 ₱4.27 million and ₱9.15 million in March 31, 2023 and December 31, 2022, 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

	Mar. 31, 2023	Dec. 31, 2022
Installment contract receivables (Note 22)	₱10,697,961	₱6,696,137
Advances to:		
Officers and employees	4,498,555	19,514,737
Agents	1,807,146	1,151,791
Due from a related party (Note 19)	271,703	271,703
Accrued interest	1,378,228	1,215,082
Other receivables	34,356,467	19,135,502
	53,010,060	47,984,952
Less provision for ECL (Note 14)	15,000,000	15,000,000
	₱ 38,010,060	₱32,984,952

- 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. Prepayments and Other Current Assets

	Mar. 31, 2023	Dec. 31, 2022
Input VAT - net of noncurrent portion	₱28,489,736	₱26,375,071
Creditable withholding taxes	12,408,716	11,634,191
Refundable deposits (Note 26)	3,155,435	3,224,615
Advances to suppliers and contractors	232,983	125,433
Others	4,652,317	2,221,072
	₱ 48,939,187	₱43,580,382

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.

8. Equity Investments at FVTOCI

	Mar. 31, 2023	Dec. 31, 2022
Golf club shares	₱55,500,000	₱55,500,000
Listed equity investments	9,873,960	8,754,214
	₱ 65,373,960	₱64,254,214

As of March 31, 2023 and December 31, 2022, 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.

9. 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)

10. Property and Equipment

March 31, 2023

	Land	Building	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	₱16,336,217	₱20,377,418	₱ 17,518,179	₱ 16,251,841	₱--	₱70,483,655
Additions	–	–	101,204	–	--	101,204
Balances at end of year	16,336,217	20,377,418	17,619,383	16,251,841	--	70,584,859
Accumulated depreciation						
Balances at beginning of year	–	10,470,600	13,105,607	16,100,220	--	39,676,427
Depreciation	–	265,779	440,158	56,460	--	762,397
Balances at end of year	–	10,736,379	13,545,765	16,156,680	--	40,438,824
Net book values	₱16,336,217	₱ 9,641,039	₱ 4,073,618	₱ 95,161	₱--	₱30,146,036

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 and amortization						
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

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.

11. Other Noncurrent Assets

	Mar. 31, 2023	Dec. 31, 2022
Deferred input VAT	₱2,321,450	₱2,321,450
Advances for agricultural projects	3,990,009	643,201
	₱6,311,459	₱2,964,651

12. Accounts Payable and Other Liabilities

	Mar. 31, 2023	Dec. 31, 2022
Accrued contractors' payables	₱ 27,228,044	26,725,543
Retention payables	19,986,857	18,852,929
Accrued expenses	10,556,510	16,609,576
Trade payables	20,305,442	15,026,519

	Mar. 31, 2023	Dec. 31, 2022
Government payables	6,270,249	1,684,042
	P 84,347,102	P78,898,609

- 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.

13. 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	P648,763	P558,154	P527,133
Interest cost	360,492	223,271	262,937
	P1,009,255	P781,425	P790,070

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	(P1,271,756)	P465,065	P475,698
Actuarial gain (losses) during the year	971,941	(1,736,821)	(10,633)
Balances at end of year	(P292,815)	(P1,271,756)	P465,065

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

	2022	2021
Beginning balances	P9,029,148	P6,618,727
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	(P321,944)
	(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	P7,879,155	P7,627,411
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

14. Income Taxes

- a. The Parent Company has no provision for current income tax in March 31, 2023, December 31, 2022, and December 31, 2020. SOC Land's current provision for income tax represents RCIT in 2022, 2021 and 2020.

15. Related Party Disclosures

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

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

	Amount/volume		Outstanding balance		Terms	Conditions
	2022	2021	2022	2021		
<i>Entity under common control</i>						
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
<i>Due from officers and directors (included as part of "Advances to officers and employees" under Receivables)</i>	–	–	–	–	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	2020
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.

16. Equity

a. Common Stock

The Parent Company's authorized, issued and outstanding common shares as of March 31, 2023 and December 31, 2022 are as follows:

	No. of Shares	Amount
<i>Authorized - ₱1 par value</i>	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 P228.88 million as of March 31, 2023 and December 31, 2022.

Track Record

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

The Parent Company has 358 shareholders as at March 31, 2023 and December 31, 2022.

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 March 31, 2023 and December 31, 2022, and accumulated retained earnings (deficit) of the Parent Company's subsidiaries amounting to (₱96.03 million) and (₱104.17 million) as at March 31, 2023 and December 31, 2022, 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.

17. Basic/Diluted Earnings (Loss) Per Share

	Mar. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Net income (loss)	₱7,807,340	₱31,098,719	₱23,277,853
Weighted average number of shares	901,920,568	901,920,568	901,920,568
Basic/Diluted Earnings (Loss) per Share	₱0.0087	₱0.0345	₱0.0258

There are no dilutive potential common shares outstanding as of March 31, 2023, December 31, 2022, and December 31, 2021.

18. Revenue from Contracts with Customers

a. Contract balances

The Group's contract balances as at March 31, 2023 and December 31, 2022 are as follows:

	Mar. 31, 2023	Dec. 31, 2021
Installment contract receivables	₱ 10,697,961	₱6,696,137
Contract assets	77,449,665	38,449,363
Contract liabilities	327,079,000	315,037,422

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 March 31, 2023 and December 31, 2022 are as follows:

	Mar. 31, 2023	Dec. 31, 2021
Contract assets - current	₱ 31,766,416	₱18,669,076
Contract assets - noncurrent	45,683,249	19,780,287
	₱ 77,449,665	₱38,449,363

Contract liabilities

	Mar. 31, 2023	Dec. 31, 2021
Contract liabilities - current	₱ 174,764,463	₱99,737,979
Contract liabilities - noncurrent	152,314,537	168,867,098
	₱327,079,000	₱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.

b. 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.

19. 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 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).

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 (P2.88 million in 2021), and other comprehensive income by P6.42 million and P5.56 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 (P0.10) million, P0.59 million and P0.37 million in March 31, 2023, Dec. 31, 2022 and Dec. 31, 2021, respectively. The exchange rate of Peso to US\$ as of March 31, 2023, December 31, 2022 and December 31, 2021 used in translating the US\$-denominated financial instruments is P54.36, P55.76 and P50.99, respectively.

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:

	March 31, 2023		Dec. 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Equity instruments at FVTPL:				
UITF	₱–	₱–	₱–	₱–
Equity investments at FVTOCI				
Golf club shares	55,500,000	55,500,000	55,500,000	55,500,000
Shares of stock	9,873,960	8,754,214	8,754,214	8,754,214
Total	₱65,373,960	₱65,373,960	₱64,254,214	₱64,254,214

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 March 31, 2023 and December 31, 2022, 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.

20. 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 2023 and 2022.

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

	March 31, 2023	Dec. 31, 2022
Common stock	P601,389,568	P601,389,568
Subscribed common stock - net	76,292,500	76,292,500
Additional paid-in capital	72,272,141	72,272,141
Retained earnings	921,574,089	913,766,749
Treasury stock	(4,961,650)	(4,961,650)
	P1,666,566,648	P1,658,759,308

21. 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.

"ANNEX 8"

CERTIFICATION

I, Magilyn T. Loja, Filipino, of legal age and with office address at 4th Floor S&L Building, Dela Rosa corner Esteban Streets, Legaspi Village, Makati City, Metro Manila, after having been duly sworn to in accordance with law do hereby certify that:

1. I am the Corporate Secretary of **SOCResources, Inc.**, (the "Corporation", a corporation duly organized and existing under and by virtue of laws of the Philippines with principal office address at 4th Floor Enzo Building 399 Senator Gil Puyat Avenue, Makati City.
2. To the best of my knowledge, none of the foregoing directors and key officers of the Corporation is currently employed in any government office of the Republic of the Philippines:

NAME	POSITION
Edgardo P. Reyes	Chairman/CEO
Wilfrido P. Reyes	President
Belen R. Castro	VicePresident - Treasurer
Manuel G. Arteficio	Independent Director
Francisco M. Bayot, Jr.	Independent Director
David R. Baladad	Vice President Operations
Zosimo L. Padro, Jr.	Vice President - Finance

IN WITNESS WHEREOF, I have hereunto set my hand this MAY 08 2023 of 08 2023 in Makati City, Metro Manila.

Magilyn T. Loja
MAGILYN T. LOJA
Corporate Secretary

SUBSCRIBED AND SWORN to before me MAY 08 2023 day of 08 2023 at the city of Makati, affiant who is personally known to me, and/or has satisfactorily proven to me her identity through competent evidence, exhibiting to me Driver's License No. N02-94237237 expiring on 6 May 2032.

Doc. No. 53;
Page No. 15;
Book No. II;
Series No. 722;

Maia
RAIZZA DAWN ANGELI C. DAVID
Commission No. M- 402
Notary Public – Makati City
Until December 31, 2023
Reguerra & Blanco Law Offices
4th & 5th Floors, S&L Building, De La Rosa corner
Esteban Sts., Legaspi Village, Makati City 1229
PTR No. 9566739/01-03-23/Makati City
IBP No. 265247/01-03-23/Pampanga Chapter
Roll No. 81386
(Admitted to the Philippine Bar on 23 May 2022)



CERTIFICATION OF INDEPENDENT DIRECTORS

I, Manuel G. Arteficio, Filipino, of legal age and a resident of Suite 201, Orient Mansion, 108 Tordesillas St., Salcedo Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of SOCResources, Inc..
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Assissi Mining Corp.	President	1994- Present
Bonaventures Mining Corp.	President	1994- Present
Ignatius Mining Corp.	President	1994- Present
San Manuel Mining Corp.	Chairman Emeritus	2016- Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SOCResources, Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
Not applicable		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/Investigated	Tribunal or Agency Involved	Status
Not applicable		

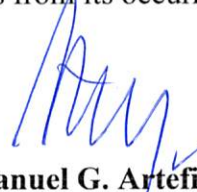
6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of agency/department) to be an independent director in SOCResources, Inc.,

pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

NOT APPLICABLE.


7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities and Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of SOCResources, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this ____ day of MAY 09 2023, at Makati City.


Manuel G. Arteficio
Affiant

SUBSCRIBED AND SWORN to before me MAY 09 2023 day of _____ at the city of Makati, affiant who is personally known to me, and/or has satisfactorily proven to me his identity through competent evidence, exhibiting to me his Social Security System identification No. 03-1866028-4 issued at Makati City.

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Series No. 2023


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. 062282-LIFETIME MEMBER MAY 5, 2017
PTR No. MKT 9563580- JAN 03, 2023-MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR. JUPITER ST., MAKATI CITY

CERTIFICATION OF INDEPENDENT DIRECTORS

I, Francisco M. Bayot, Jr., Filipino, of legal age and a resident of 94 11th Street, New Manila, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of SOCResources, Inc..
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
PGA Sampo Insurance Corp.	Independent Director	2018- present
Cebu Beacon Storage Corporation	President/Director	2015- present
Madrigal-Bayot Dev. Corp.	President/Director	2008- present
Madrigal Business Park Association, Inc.	President/Director	1994- present
Porep Realty, Inc.	President/Director	1993- present
Septimo Realty, Inc.	President/Director	1993- present
Susana Realty, Inc.	President/Director	1993- present
Madrigal Condominium Corp. I	President/Director	1992- present
Madrigal Condominium Corp. II	President/Director	1992- present
JM Investment Corp.	President/Director	1990- present
Josue Corp.	President/Director	1990- present
Alabang Commercial Corp.	Director	1990- present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SOCResources, Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
Not applicable		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

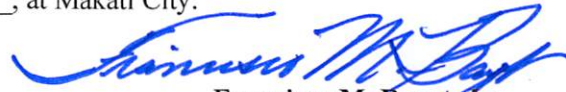
Offense Charged/Investigated	Tribunal or Agency Involved	Status
Not applicable		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of agency/department) to be an independent director in SOCResources, Inc., pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

NOT APPLICABLE.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities and Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of SOCResources, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this MAY 09 2023 day of _____, at Makati City.



Francisco M. Bayot, Jr.

Affiant

MAY 09 2023

SUBSCRIBED AND SWORN to before me _____ day of _____ at the city of Makati, affiant who is personally known to me, and/or has satisfactorily proven to me his identity through competent evidence, exhibiting to me his Passport No. P5712402B issued on 04 November 2020, valid until 03 November 2030 and issued at DFA, NCR South.

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ATTY. GEORGE DAVID D. SITON

NOTARY PUBLIC FOR MAKATI CITY

AB. T. NO. M-61 - UNTIL DEC. 31, 2023

ROLL NO. 68402 / MCLE COMPLIANCE NO. VII-0010136/2-15-2022

IDP CR NO. 002782 - LIFETIME MEMBER MAY 5, 2017

PTR NO. MKT 5503580 - JAN 03, 2023 - MAKATI CITY

EXECUTIVE BLDG. CENTER MAKATI AVE., COR. JUPITER ST., MAKATI CITY

"ANNEX 10"

SOCRESOURCES, INC. AND SUBSIDIARY

Key Performance Indicator

Key Financial Ratios	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Revenue Growth				
(Total Revenues (current period) - Total Revenues (prior period))/Total Revenues (prior period)	46.00%	-39.30%	463.77%	-61.67%
Net income Growth/(Decline)				
Net Income (after tax) (current period)/ Net income (prior period, after tax)	-261.49%	155.90%	217.49%	-155.72%
Solvency Ratio				
(After Tax Net Income+Depreciation)/Total Liabilities	2.02%	-1.18%	3.07%	-2.57%
EBITDA				
Income from operations plus depreciation and amortization	P 8,569,737	(P4,408,118)	P9,894,923	(P6,550,901)
Asset to Equity Ratio				
Total Assets/Total Equity	1.2503 x	1.2267 x	1.1981 x	1.1577 x
Return on Equity (ROE)				
Net income/ Equity	0.46%	-0.29%	0.53%	-0.46%
Return on assets (ROA)				
Net income/ Total Assets	0.37%	-0.24%	0.44%	-0.39%
Current/Liquidity ratio				
Current Assets/ Current Liabilities	7.56 x	10.57 x	8.41 x	9.21 x
Debt to Equity Ratio				
Total Liabilities/ Equity	0.2503 x	0.2267 x	0.1981 x	0.1577 x

ANNEX 11: MINUTES OF REGULAR MEETINGS HELD FOR THE YEAR 2022

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF SOCRESOURCES INC. HELD via VIDEOCONFERENCE, 6 APRIL 2022, AT 2:00 P.M.

DIRECTORS PRESENT:

Edgardo P. Reyes
Wilfrido P. Reyes
Belen R. Castro
Francisco M. Bayot, Jr.
Manuel G. Arteficio

Also Present:

Magilyn T. Loja
David R. Baladad

The Chairman, Mr. Edgardo P. Reyes, presided and called the meeting to order. In compliance with SEC Memorandum Circular No. 6, Series of 2020, the Corporate Secretary, Atty. Magilyn T. Loja, conducted a roll call of the attendees and the Directors present provided their full names, location and devices being used. The Directors likewise confirmed that they clearly hear and see the other attendees.

The minutes of the Special Meeting of the Board of Directors held on 27 September 2021 were presented for approval. The reading of the minutes was dispensed with, and thereafter, upon motion duly made and seconded, the same was unanimously approved.

The Chairman stated that the first item on the agenda is the registration of the Corporation's books of account with the Bureau of Internal Revenue (BIR). Whereupon, on motion duly made and seconded, it was unanimously approved:

"RESOLVED, that SOCRESOURCES, INC. (the "Corporation") authorized, as it hereby authorizes, **Ronna C. De Leon** or **Ronald E. Comon**, as the Corporation's authorized representatives, to register the Corporation's books of accounts with the Bureau of Internal Revenue, and for this purpose, they are hereby authorized to sign, execute and deliver any and all related instruments, documents and papers as may be required, necessary, desirable or incidental to the operations of the Corporation."

The next item on the agenda is the availment of the products and services of Metropolitan Bank & Trust Company ("Metrobank"). Whereupon, on motion duly made and seconded, the following bank form resolutions were unanimously approved.

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
SOCRESOURCES INC. HELD VIA VIDEO CONFERENCE ON TUESDAY, 12 APRIL 2022,
AT 2:00 P.M.**

DIRECTORS PRESENT:

Edgardo P. Reyes
Wilfrido P. Reyes
Belen R. Castro
Francisco M. Bayot, Jr.
Manuel G. Arteficio

Also Present:

Magilyn T. Loja
David R. Baladad

The Chairman, Mr. Edgardo P. Reyes, presided and called the meeting to order. In compliance with SEC Memorandum Circular No. 6, Series of 2020, the Corporate Secretary, Atty. Magilyn T. Loja, conducted a roll call of the attendees and the Directors present provided their full names, location and devices being used. The Directors likewise confirmed that they clearly hear and see the other attendees.

The minutes of the Special Meeting of the Board of Directors held on 6 April 2022 were presented for approval. The reading of the minutes was dispensed with, and thereafter, upon motion duly made and seconded, the same was unanimously approved.

The only item in the agenda is the upcoming schedule of the Corporation's Annual Stockholders Meeting. The members of the Board agreed that the Annual Stockholders Meeting be scheduled on 17 June 2022, instead of the last Friday of May, or 27 May 2022, as provided under the Corporation's By-Laws. The Board also agreed that the Meeting shall still be held through remote communication.

**MINUTES OF THE ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS OF
SOCRESOURCES INC. HELD VIA REMOTE COMMUNICATION ON
17 JUNE 2022, AT 2:30 P.M.**

DIRECTORS PRESENT:

Edgardo P. Reyes
Wilfrido P. Reyes
Belen R. Castro
Francisco M. Bayot, Jr.
Manuel G. Arteficio

ALSO PRESENT:

Atty. Magilyn T. Loja

The Chairman, Mr. Edgardo P. Reyes, presided and called the meeting to order. In compliance with SEC Memorandum Circular No. 6, Series of 2020, the Corporate Secretary, Atty. Magilyn T. Loja, conducted a roll call of the attendees and the Directors present provided their full names, location and devices being used. The Directors likewise confirmed that they clearly hear and see the other attendees.

The Chairperson then stated that the first item on the agenda was the reading and approval of the Minutes of Special Meeting of the Board of Directors held on 5 May 2021. Whereupon, on motion duly made and seconded, the Board unanimously approved the minutes of the Special Meeting of the Board of Directors held on 5 May 2021.

The Chairperson then stated that the table was open for the nomination and appointment of Officers for the following year. Thereafter, the following officers were nominated and appointed to the positions set forth after their respective names:

Officers

EGDARDO P. REYES	-	Chairman/CEO
WILFRIDO P. REYES	-	President
BELEN R. CASTRO	-	Vice President/Treasurer
DAVID R. BALADAD	-	Vice President - Operations
ZOSIMO L. PADRO, JR.	-	Vice President - Finance
MAGILYN T. LOJA	-	Corporate Secretary

The Chairperson then stated that the next item on the agenda was the designation of members of the Corporation’s various committees. Whereupon, the following Directors were designated members of the following committees:

Executive Committee

Edgardo P. Reyes	-	Chairman
Wilfrido P. Reyes	-	Member
Manuel G. Arteficio	-	Member

Nomination, Remuneration & Corp. Governance Committee

Francisco M. Bayot, Jr.	-	Chairman
Wilfrido P. Reyes	-	Member
Belen R. Castro	-	Member

Audit and Board Risk

Manuel G. Arteficio	-	Chairman
Edgardo P. Reyes	-	Member
Wilfrido P. Reyes	-	Member

Related Party Transaction

Manuel G. Arteficio	-	Chairman
Edgardo P. Reyes	-	Member
Francisco M. Bayot, Jr.	-	Member

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
SOCRESOURCES INC. HELD AT ITS PRINCIPAL OFFICE,
19 SEPTEMBER 2022, AT 2:00 P.M.**

DIRECTORS PRESENT:

Edgardo P. Reyes
Wilfrido P. Reyes
Belen R. Castro
Francisco M. Bayot, Jr.
Manuel G. Arteficio

Also Present:

Magilyn T. Loja
David R. Baladad

The Chairman, Mr. Edgardo P. Reyes, presided and called the meeting to order. In compliance with SEC Memorandum Circular No. 6, Series of 2020, the Corporate Secretary, Atty. Magilyn T. Loja, conducted a roll call of the attendees and the Directors present provided their full names, location and devices being used. The Directors likewise confirmed that they clearly hear and see the other attendees.

The minutes of the special meeting of the Board of Directors held on 12 May 2022 were presented for approval. The reading of the minutes was dispensed with, and thereafter, upon motion duly made and seconded, the same was unanimously approved.

The Chairman stated that the first item on the agenda is the continued availment of the products and services of BDO Unibank, Inc (“BDO”). The members of the Board agreed to continue their transactions with the Bank, and to include Ms. Charlene R. Escaler as an authorized signatory to the Corporation’s transactions with BDO.

The second item on the agenda is the availment of the products and services of Bank of the Philippine Islands (“BPI”).

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
SOCRESOURCES INC. HELD AT ITS PRINCIPAL OFFICE,
7 NOVEMBER 2022, AT 2:00 P.M.**

DIRECTORS PRESENT:

Edgardo P. Reyes
Wilfrido P. Reyes
Belen R. Castro
Francisco M. Bayot, Jr.
Manuel G. Arteficio

Also Present:

Magilyn T. Loja
David R. Baladad

The Chairman, Mr. Edgardo P. Reyes, presided and called the meeting to order. In compliance with SEC Memorandum Circular No. 6, Series of 2020, the Corporate Secretary, Atty. Magilyn T. Loja, conducted a roll call of the attendees and the Directors present provided their full names, location and devices being used. The Directors likewise confirmed that they clearly hear and see the other attendees.

The minutes of the Special Meeting of the Board of Directors held on 19 September 2022 were presented for approval. The reading of the minutes was dispensed with, and thereafter, upon motion duly made and seconded, the same was unanimously approved.

The Chairman stated that the first item on the agenda is the availment of the products and services of China Banking Corporation ("Chinabank").

Whereupon, on motion duly made and seconded, the following bank form resolutions were unanimously approved.

The second item on the agenda is the addition of Ms. Charlene R. Escaler and Atty. Sandhya Marie C. Tayag as authorized signatories in the Corporation's transactions with BDO Unibank, Inc. ("BDO"). Whereupon, on motion duly made and seconded, it was unanimously approved.