

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: **Not applicable**

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) 804-1978 / 804-1977**

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

26 May 2017 at 2:00 p.m.
West Room, Manila Golf & Country Club,
Harvard Road, Forbes Park, Makati City.

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **05 May 2017**

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

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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 2017 Annual Meeting of the stockholders of SOCResources, Inc. shall be held on 26 May 2017 at 2:00 P.M. at the West Room of Manila Golf & Country Club, Harvard Road, Forbes Park, Makati City. The Agenda for said meeting is as follows:

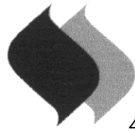
1. Proof of notice and quorum;
2. Reading and approval of previous Minutes;
3. Report of Management;
4. Ratification of the acts of the Board of Directors and Officers;
5. Election of Directors;
6. Appointment of Auditors;
7. Other Matters: and
8. Adjournment.

For the purpose of the meeting, only stockholders of record at the close of business on 27 April 2017 shall be entitled to notice of and to vote at the 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 18 May 2017. Said proxies shall be validated on 19 May 2017 at 10:00 a.m. at the Corporation's principal offices at 4th Floor Enzo Bldg. 399 Sen. Gil Puyat Avenue Makati, City.

On the day of the meeting, you or your proxy are hereby required to bring this Notice and any form of identification, e.g. driver's license, company ID, TIN card, etc., to facilitate registration.


MAGILYN T. LOJA
Corporate Secretary



SOCResources, Inc.

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

PROXY

KNOWN ALL MEN BY THESE PRESENTS:

That the undersigned, a common stockholder of SOCResources, Inc., hereby nominates, constitutes and appoints _____ 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 for all matter to be taken up at the annual stockholders' meeting of the Corporation and at any adjournment thereof, as fully and for all intents and purposes, as the undersigned might or could do if present and acting in person, and hereby ratifies and confirms any and all actions taken on matters which may properly come before said meeting or any adjournment thereof.

This Proxy shall continue to be in effect until and unless withdrawn by the undersigned's written notice delivered to the Corporate Secretary, but shall not be effective in instances wherein the undersigned personally attends the meeting.

IN WITNESS WHEREOF, the undersigned has executed this Proxy this ____ day of _____.

SIGNATURE OVER PRINTED NAME

ADDRESS

DATE

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
San Manuel Mining Corp.	President	1990- Present
Assissi Mining Corp.	President	1994- Present
Bonaventures Mining Corp.	President	1994- Present
Ignatius Mining Corp.	President	1994- Present
Egerton Gold Philippines, Inc.	President	2006- 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.
4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities and Regulation Code.
5. I shall inform the Corporate Secretary of SOCResources, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this 17 APR 2017 day of _____, at Makati City.


Manuel G. Arteficio
Affiant

17 APR 2017

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 Social Security System identification No. 03-1866028-4 issued at Makati City.

Doc. No. 22

Page No. 17

Book No. 18

Series No. 2017;


ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY

APPT. NO. M-88

UNTIL DEC. 31, 2018

ROLL OF ATTY. NO. 48348

MCLE COMPLIANCE NO. IV-0016333-4/10/13

I.B.P.O.R No. 706762, LIFETIME MEMBER JAN 29, 2007

PTR No. 590-90-82 JAN.3, 2017

EXECUTIVE BLDG. CENTER

MAKATI AVE. COR., JUPITER ST. MAKATI CITY

CERTIFICATION OF INDEPENDENT DIRECTORS

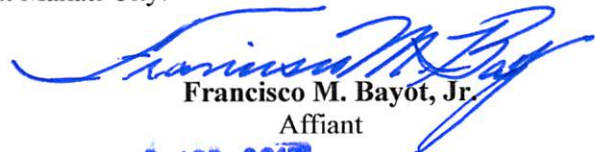
I, Francisco M. Bayot, Jr., Filipino, of legal age and a resident of 94 11th Street, New Manila, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

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
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
Perop Realty, Inc.	President/Director	1993- 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

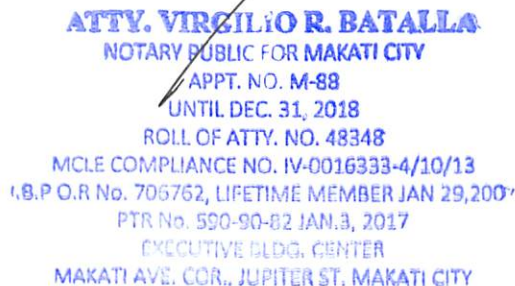
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SOCResources, Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities and Regulation Code.
5. I shall inform the Corporate Secretary of SOCResources, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this 17 day of APR 2017, at Makati City.


Francisco M. Bayot, Jr.
Affiant

SUBSCRIBED AND SWORN to before me 17 day of APR 2017 2016 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. EB4666720 issued on 09 February 2012, valid until 08 February 2017 and issued at DFA, Manila.

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Page No. 16
Book No. 18
Series No. 20167


ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-88
UNTIL DEC. 31, 2018
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. IV-0016333-4/10/13
(B.P.O.R No. 706762, LIFETIME MEMBER JAN 29, 2007)
PTR No. 590-90-82 JAN. 3, 2017
EXECUTIVE BLDG. CENTER
MAKATI AVE. COR., JUPITER ST. MAKATI CITY

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 **17 APR 2017** of April 2017 in Makati City, Metro Manila.


MAGILYN T. LOJA
Corporate Secretary

SUBSCRIBED AND SWORN to before me **17 APR 2017** day of April 2017 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 2017.

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Book No. **18**
Series No. 2017;


ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-88
UNTIL DEC. 31, 2018
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. IV-0016333-4/10/13
I.B.P.O.R No. 706762, LIFETIME MEMBER JAN 29, 2007
PTR No. 590-90-82 JAN. 3, 2017
EXECUTIVE BLDG. CENTER
MAKATI AVE. COR., JUPITER ST. MAKATI CITY

A. GENERAL INFORMATION

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

The annual stockholders' meeting shall be held on Friday, 26 May 2017 at 2:00 p.m. at the West Room, Manila Golf & Country Club, Harvard Road, Forbes Park, Makati City.

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

May 05, 2017 (Friday) is the approximate date on which the Information Statement is first to be sent or given to security holders.

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

Item 2: DISSENTERS' RIGHT OF APPRAISAL

There are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided in Title X of the Corporation Code.¹

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

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 18, 2017. Total foreign equity ownership is 8,088,266 common shares representing 0.90% 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 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.

¹ The right of appraisal means the right of a dissenting stockholder to demand payment of the fair market value of his shares, in the instances provided under the Corporation Code. In such instances, the right may be exercised by any stockholder who shall have voted against the proposed action by making a written demand to the Corporation within 30 days after the date on which the vote was taken for payment of the fair market value of his shares. Failure to make the demand shall be deemed a waiver of such right.

**(1) Security Ownership of Certain Record and Beneficial Owners and Management
As of April 18, 2017 (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	171,710,734	19.04%

There are no beneficial owners of more than 5% under the PCD Nominee Corporation (Filipino), which owns 19.04% of the total shares of the Company.

(2) Security Ownership of Management Directors as of April 18, 2017:

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)**(1) 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, 71 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. He is a DIRECTOR of Premiere Development Bank until 2011. Mr. Reyes is the brother of Mr. Wilfrido P. Reyes and Ms. Belen R. Castro.

WILFRIDO P. REYES, 70 years of age, Filipino, has been the PRESIDENT of the Company since 1992. CHAIRMAN/PRESIDENT of WPR Realty & Management Corp.; EXECUTIVE VICE PRESIDENT/DIRECTOR of Gonzalo Puyat & Sons Inc. and Purex Mineral Corp.; EVP/GENERAL MANAGER of Philippine Flour Mills and PFM-Agro Development Corp.; SVP/DIRECTOR of Puyat Steel Corporation; DIRECTOR of Premiere Development Bank; TREASURER/DIRECTOR of Surigao Development Corp.; SECRETARY/DIRECTOR of Surigao Marine Products, Inc.; VP/GENERAL MANAGER of Reyson Realty & Development Corp.; PRESIDENT of Proleo Realty Inc., VP/TREASURER of Bell Telecommunication Philippines Inc.; TREASURER/DIRECTOR of International Pipe Industries Corp. and Apo Pipe Industries Corp; and, DIRECTOR of Pipe Machinery 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, 69 years of age, Filipino, has been the VICE PRESIDENT, TREASURER & DIRECTOR of the Company since 1992 up to the present; DIRECTOR & ASST. TREASURER of Gonzalo Puyat & Sons, Inc.; DIRECTOR of Chamber of Thrift Banks (1990 – 2012) She was the Chairman of Premiere Development Bank (January 2007-2012). She is the sister of Mr. Edgardo P. Reyes and Mr. Wilfrido P. Reyes.

MANUEL G. ARTEFICIO, 72 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., Ignatius Mining Corp., all three from 1994 to present; he is also the PRESIDENT of Egerton Gold Phils., Inc. from 2006 to present.

FRANCISCO M. BAYOT, JR., 63 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; and PRESIDENT/DIRECTOR of Cebu Beacon Storage Corporation since 2015.

MAGILYN T. LOJA, 48 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, 60 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., 57 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 May 27, 2016, 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 2016 – 2017.

The Nomination committee reported that the following individuals have been nominated for election on 2016 Annual Stockholders' Meeting as members of the Board of Directors for the ensuing year 2015-2016:

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

The Nomination Committee reported that the following individuals have been nominated for election on 2017 Annual Stockholders' Meeting as members of the Board of Directors for the ensuing year 2017-2018:

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

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 2016 Annual Stockholders' Meeting. The Nomination Committee reported Mr. Arteficio and Mr. Bayot as independent directors to be elected on the 2017 Annual Stockholders' Meeting, upon the recommendation of Mr. Aristeo G. Puyat 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.

The nomination and election of independent directors are carried out in accordance with rules set forth on SRC Rule No. 38, as amended.

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.

(2) 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.

(3) 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.

(4) 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.

(5) Certain Relationship and Related Transactions

Please refer to Note 17 of 2016 Audited Consolidated Financial Statements for details on related party transaction.

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

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

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 South China Resources, Inc. (now 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.

This case is currently pending before the Regional Trial Court (RTC), Makati City, Branch 66 after mediation proceedings before the Philippine Mediation Center and Judicial Dispute Resolution hearings before the RTC Makati, Branch 57, failed.

Having terminated their presentation of evidence, the parties formally submitted their respective formal offer of documentary evidence and memoranda.

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

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 mediation and JDR proceedings in this case failed. Thus, the court issued the Order dated 7 December 2016, referring this case to the Office of the Clerk of Court for re-raffle. To date, the Office of the Clerk of Court has yet to raffle this case for the conduct of trial.

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:

Name and Principal Position	Year	Salary (P)	Bonus (P)	Other Annual Compensation
Edgardo P. Reyes Chairman / CEO				
David R. Baladad VP-Operations				
Zosimo L. Padro VP-Finance				
Ronna C. De Leon Accounting Officer				
Aggregate compensation –	2017	2,000,000(est.)	500,000(est.)	N/A
CEO & all other officers and	2016	1,912,418	458,760	N/A
Directors as a group unnamed	2015	1,827,540	463,335	N/A

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

Item 7: INDEPENDENT PUBLIC ACCOUNTANTS

Information on Independent Public Accountant

In compliance with SRC Rule 68 Paragraph 3(b)(iv), the engagement partner from Sycip Gorres Velayo & Co. (SGV) is Mr. Kristopher S. Catalan. The Corporation recommends the appointment of Sycip Gorres Velayo & Co. as the Principal Accountant of the Corporation. It has been appointed as external auditor of the company since 1992 and has not resigned, been dismissed or nor has its services ceased since its appointment. 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.

Sycip Gorres Velayo & Co. is the incumbent Public Accountant of the Company. The Company, through its Audit Committee, recommends the re-appointment of Sycip Gorres Velayo & Co. as the Principal Accountant of the Corporation. The Company's Audit Committee is composed of Mr. Manuel G. Arteficio as Chairman, 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 May 26, 2017. 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

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 as **Annex A**.
- (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

The following minutes of the 2016 stockholders' meeting and the report of Management for the fiscal year ended December 31, 2016 will be submitted for the approval of the stockholders, and the acts and transactions of the Board of Directors and Officers will be submitted for ratification by the stockholders on 26 May 2017:

- a. Special Meeting of the Board of Directors held on 12 January 2016;
- b. Special Meeting of the Board of Directors held on 6 April 2016;
- c. Special Meeting of the Board of Directors held on 8 April 2016;
- d. Annual Stockholders Meeting held on 27 May 2016;

- e. Organizational Meeting of the Board of Directors held on 27 May 2016;
- f. Special Meeting of the Board of Directors held on 5 December 2016; and
- g. Special Meeting of the Board of Directors held on 8 December 2016.

The minutes of the 27 May 2016 stockholders' meeting recorded by the Corporate Secretary called for the certification that printed notices for the annual meeting were sent to all stockholders of record; the reading of the Minutes of the 2015 annual stockholders' meeting was approved and ratified; (1) the report of Management on the operations of the Corporation for the fiscal year ended December 31, 2015, (2) the Audited Financial Statements for 2015 were approved; (3) the auditing firm Sycip, Gorres, Velayo & Company was appointed as the Corporation's external auditor for the year 2015; and (4) all acts and transactions entered into by the Board of Directors and Officers during the fiscal year 2015, as well as the resolutions covered by the above mentioned minutes were ratified.

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

None.

Item 19: VOTING PROCEDURES

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.

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

UNDERTAKING TO PROVIDE 1ST QUARTER 2017 UNAUDITED FINANCIAL STATEMENTS

A COPY OF THE INTERIM UNAUDITED FINANCIAL STATEMENTS (IUFS) WITH MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE 1ST QUARTER OF 2017 WILL BE POSTED IN THE COMPANY'S WEBSITE AT LEAST FIVE (5) CALENDAR DAYS BEFORE THE SCHEDULED DATE OF ANNUAL STOCKHOLDERS' MEETING. UPON REQUEST BY ANY STOCKHOLDER, THE COMPANY SHALL PROVIDE A HARD COPY OF THE IUFS AS SOON AS AVAILABLE BUT NOT LATER THAN AT LEAST FIVE (5) CALENDAR DAYS BEFORE THE SCHEDULED DATE OF MEETING. IN THE CASE THAT THE REQUEST WAS MADE AT A LATER DATE, THE COMPANY SHALL ENDEAVOR TO PROVIDE SUCH REPORT AS SOON AS POSSIBLE.

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 20 April 2017.

By:


MAGILYN T. LORA
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 then into other investments which after two decades the company has now turned out to be one of the strongest holding companies in the market having had investments in real estate, steel fabrication, banking, telecommunications and energy exploration. The company is debt free and has a robust balance sheet

The diversification process, brought on by the financial crisis of the 90's, honed through the years, and allowed SOC to invest in technology based and long-term ventures. This gave the company the means to weather the lows of the period. One of the first and significant investments was the acquisition and sale of Bell Telecommunications Philippines, Inc., the acquisition and subsequent sale of Filipinas Plaza along EDSA corner Chino Roces Avenue and minority equity in Premiere Development Bank.

The sale of previous possessions Filipinas Plaza and BellTel gave the company the influx of funds for re-investment and following the proven model of acquisition and sale of significant assets, SOC acquired position in AGP International Inc in December 2010 which in turn gained control of AG&P Manila. AG&P Manila is one of the oldest and largest steel fabrication companies in the country with the unchallenged capability in modular fabrication. AG&P was supposedly a long-term investment however management was able to identify an opportunity which allowed for a shorter turn-around time in recouping this investment. This allowed for recoup of the investment and make a good return in what would have taken the company more than several years at the very least following the usual course of investment and dividend sharing. On January 31, 2012, the company sold its AGP shares at a good profit.

Premier Bank on the other hand expanded to almost 40 branches after the company acquired its shares. It became one of the most stable small banks that it became an attractive target for acquisition by a much larger bank. The sale of this asset was concluded with the approval of the sale by the Monetary Board.

Following the successful sale of the Filipinas Plaza and 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.

The Board of Directors, in a special meeting held November 11, 2010, directed Management to cause the registration with the Securities and Exchange Commission of SOC Land Development Corporation (SOC Land) as 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 will be the property development arm of the company, that will develop a 2.4-hectare

community, called Anuva Residences (the Project), situated near Sucat Interchange. It will have four (4) tandem buildings. The total estimated cost of the Project is ₱2.0 billion.

The first tandem building of ANUVA RESIDENCES, the “ANALA”, projects a Fun Zone image showcasing the Wet and Dry Play Area for children. The building was completed and delivered last May 16, 2015 during the turnover ceremony held on the same day.

Amenities facing Anala including the wading pool, children’s playground, al fresco area, cascading water, pond and Trellis Park have been finished as of end 2016 for the residents’ use and enjoyment as well as the parking slots in the lower ground floor for the residents to use.

The second tandem building known as AZALEA is currently in a preselling stage focusing on the Green Urban Living image with amenities like the reflecting pool, adult and kiddie pool, cascades, picnic groves, clubhouse, garden party and BBQ area.

SOC Land's latest project is a horizontal residential development, ALTHEA RESIDENCES. It is situated in Brgy. Zapote, Biñan City, Laguna and featuring modern homes with tranquil vibe spread in 4.3 hectares of land. While a number of house and lot units have been completed, additional construction of other house and lot units is ongoing. The construction of amenities that started in 3rd quarter 2016 is expected to be completed sometime first half of 2017.

SOC has identified other areas for potential investment which it is investigating. To address a growing population, now estimated at 100 million Filipinos and increasing every year, it looks at food production. The Company believes that a rising population coupled with rising incomes will drive greater protein 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 Campong It Mapangarapan It Palawano (CAMPAL) to undertake agro-industrial development for a gross area of 6000 hectares. The National Commission for Indigenous Peoples (NCIP) handed over to the Company the Certificate of Pre-condition for the agreement last June 2016. The Company is completing the requisite documents and permits from the LGUs (Local Government Units) and the Palawan Council for Sustainable Development (PCSD) prior to start of operations for agro-industrial development with coffee as the initial undertaking.

The country needs both conventional and renewable energy resources to address its power requirements. SOC is investigating conventional and renewable energy resources, that can provide for base load power that is sustainable for the long term and therefore provide for a steady income stream for the company.

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 as of December 31, 2016.

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) Chief Accountant, 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 2016 audit progress billing for SOCResources, Inc. and subsidiary, SOC Land Development amounted to P347,200 and ₱504,000 respectively. External Audit Fees, year ended 2015 audit for SOCResources, Inc. and subsidiary, SOC Land Development amounted to P369,760 and ₱489,798 respectively. No other services were provided and billed for by the external auditors for the last two (2) fiscal years.

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**2016 VS 2015 (AUDITED)**

(in Philippine pesos)

ACCOUNTS	December 31, 2016	December 31, 2015	% CHANGE
REVENUES	211,507,476	271,787,416	-22.18%
COST AND EXPENSES	184,369,488	291,884,108	-36.83%
INCOME (LOSS) BEFORE INCOME TAX	27,137,988	(20,096,692)	235.04%
PROVISION FOR INCOME TAX	1,373,128	1,213,840	13.12%
NET INCOME/(LOSS)	25,764,860	(21,310,532)	220.90%
NET GAINS(LOSSES) ON AFS FINANCIAL ASSETS	8,114,806	4,268,083	90.13%
ACTUARIAL GAINS ON DEFINED BENEFIT PLANS	195,764	78,566	12939
TOTAL COMPREHENSIVE INCOME/(LOSS)	34,075,430	(16,963,883)	300.87%

2016 VS 2015: RESULTS OF OPERATIONS

Revenue for the year ended 2016 consists of: (1) recognized sale on real estate for SOC Land amounting to ₱157M;(2) Interest Income on time deposits, savings account and installment sales of real estate amounting to ₱13.21M;(3) Dividend Income from domestic shares of stocks amounting to ₱0.3M;(4) net foreign exchange gain amounting to ₱0.3M and (5) other income amounting to ₱40M.

The 36% decrease in the total cost and expenses is attributable to the 51% decrease in the sales and marketing cost of the subsidiary and 16% decrease in the general and administrative expenses of the group. The significant decrease in the cost and expenses has brought a positive after tax net income despite of the 22% decrease in the total revenue of the group. There has also been an outstanding gain on the market value of the AFS financial assets currently held by the company.

CONSOLIDATED RESULTS OF OPERATIONS**2015 VS 2014 (AUDITED)**

(in Philippine pesos)

ACCOUNTS	12/31/2015	12/31/2014	% CHANGE
REVENUES	271,787,416	163,823,447	65.90%
COSTS AND EXPENSES	291,884,108	199,154,261	46.56%
NET LOSS BEFORE INCOME TAX	(20,096,692)	(35,330,814)	19.34%
PROVISION FOR INCOME TAX	1,213,840	2,856,043	-57.50%
NET LOSS	(21,310,532)	(38,186,857)	44.19%
NET GAINS(LOSSES) ON AFS FINANCIAL ASSETS	4,268,083	(22,915,268)	118.63%
ACTUARIAL GAIN	78,566	12,939	507.20%
TOTAL COMPREHENSIVE LOSS	(16,963,883)	(61,089,186)	72.23%

2015 VS 2014: RESULTS OF OPERATIONS

Revenue for the year ended 2015 consists of: (1) recognized sale on real estate for SOC Land amounting to ₱250M;(2) Interest Income on time deposits and savings account amounting to ₱2.1M;(3) Dividend Income from domestic shares of stocks amounting to ₱0.3M;(4) net foreign exchange gain amounting to ₱0.3M and (5) other income amounting to ₱18.9M.

Total sales for 2015 by SOCLand, the subsidiary, amounted to ₱250.3M which is 99.72% of the total sales last year 2014. Other income consisting of late payment penalties, forfeited payments and interest earned on in house financing also increased by 195% as compared last year 2014.

The increase of 46.56% in the cost and expenses were attributed to the 94.6% increase in cost of real estate sold coupled with 27.8% increase in general and administrative expense. There has been a dropped of 37.1% in the sales and marketing expenses.

The 65.90% increase in the revenue for the two years under report has caused the decrease in the net loss before income tax of the group for the year 2015 as compared last year 2014. Increase in the market value of domestic stock holdings of the company and an actuarial gain lowered the total comprehensive loss on 2015 vis-à-vis 2014.

CONSOLIDATED RESULTS OF OPERATIONS

2014 VS 2013 (AUDITED)

(in Philippine pesos)

ACCOUNTS	12/31/2014	12/31/2013	% CHANGE
REVENUES	163,823,447	146,504,564	11.82%
COSTS AND EXPENSES	199,154,261	158,260,014	25.84%
INCOME LOSS BEFORE INCOME TAX	(35,330,814)	(11,755,450)	-200.55%
PROVISION FOR INCOME TAX	2,856,043	303,928	839.71%
NET INCOME/(LOSS)	(38,186,857)	(12,059,378)	-216.66%
NET GAINS(LOSSES) ON AFS FINANCIAL ASSETS	(22,915,268)	5,745,198	-498.86%
ACTUARIAL GAIN (LOSSES)	12,939	191,920	-93.26%
TOTAL COMPREHENSIVE INCOME/(LOSS)	(61,089,186)	(6,122,260)	-897.82%

2014 VS 2013: RESULTS OF OPERATIONS

Revenue for the year ended 2014 consists of: (1) recognized sale on real estate for SOC Land amounting to ₱125M;(2) Interest Income on time deposits, savings, advances to related party and Foreign Bonds amounting to ₱2.7M;(3) Gain on sale of shares of Stocks and foreign bonds amounting to ₱24.54M;(4) Dividend Income from foreign and domestic shares of stocks amounting to ₱1.3M;(4) net foreign exchange gain amounting to ₱3.4M and (5) other income consisting of forfeited buyers' deposits and sales penalties amounting to ₱6.4M

The increase in the revenue of the group is due to SOC Land's 52% increase in the recognized sale of real estate. As of December 31, 2014, structural works for the Anuva's tandem building 1 (Anala) has an accomplishment rate of 100%. This has caused the increase in cost of real estate sold from ₱66M last year 2013 to ₱100M this year 2014.

In 2014, The parent company sold its AFS investments in listed equity shares and quoted foreign bonds earning a gain of ₱24M.

For the year ended December 31, 2014, the Parent company posted a net income of ₱14.7M and an 8.35% decrease on its total expenses as against December 31, 2013.

CONSOLIDATED FINANCIAL POSITION
2016 VS 2015 (AUDITED)
(in Philippine pesos)

ACCOUNTS	December 31, 2016	December 31, 2015	% CHANGE
CURRENT ASSETS	1,583,484,810	1,642,002,434	-3.56%
NONCURRENT ASSETS	181,480,430	126,731,990	43.20%
TOTAL ASSETS	1,764,965,240	1,768,734,424	-0.21%
CURRENT LIABILITIES	114,205,459	152,415,502	-25.07%
NONCURRENT LIABILITIES	4,222,219	3,856,790	9.47%
TOTAL LIABILITIES	118,427,678	156,272,292	-24.22%
EQUITY	1,646,537,562	1,612,462,132	2.11%
TOTAL LIABILITIES AND EQUITY	1,764,965,240	1,768,734,424	-0.21%

2016 VS 2015: FINANCIAL CONDITION

The net effect of the following has caused the slight dropped of 3.56% in the current assets of the group: (1) 20% increase in cash and cash equivalents;(2) Receivables decreased by 57% due to the net effect of the collection of accounts pertaining to Anala, the first tandem building of SOCLand, which were turned over last May 2015 and the recognition of sales for those units of which 20% of the total contract price was collected;(3) Real Estate for sale dropped by 3% due to the recognition of the cost of units sold; and (4) other current assets increased by 26% due to the creditable taxes remitted on fully paid units and refundable deposits for office rentals.

The decrease in the current liabilities was due to the payment made to contractors for Anala Building and Althea as well as offset of unit owners' deposit against receivable upon recognition of real estate sales.

Increase in noncurrent liabilities refers to the recognized retirement liability for the year 2016. The positive bottomline figure of the group has caused the increase in the total equity of the group.

CONSOLIDATED FINANCIAL POSITION
2015 VS 2014 (AUDITED)
(in Philippine pesos)

ACCOUNTS	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>% CHANGE</u>
CURRENT ASSETS	1,642,002,434	1,856,927,512	-11.57%
NONCURRENT ASSETS	126,731,990	102,554,105	23.58%
TOTAL ASSETS	1,768,734,424	1,959,481,617	-9.73%
CURRENT LIABILITIES	152,415,502	326,679,810	-53.34%
NONCURRENT LIABILITIES	3,856,790	3,428,292	12.50%
TOTAL LIABILITIES	156,272,292	330,108,102	-52.66%
EQUITY	1,612,462,132	1,629,373,515	-1.04%
TOTAL LIABILITIES AND EQUITY	1,768,734,424	1,959,481,617	-9.73%

2015 VS 2014: FINANCIAL CONDITION

The net effect of the following has caused the slight dropped of 11.57% in the current assets of the group: (1) 5.38% increase in cash and cash equivalents;(2) Receivables increased by 61.38% due to the net effect of the collection of accounts pertaining to Anala, the first tandem building of SOCLand, which were turned over last May 2015 and the recognition of sales for those units of which 20% of the total contract price was collected;(3) Real Estate for sale dropped by 18.61% due to the recognition of the cost of units sold; and (4) other current assets increased by 15.41% due to the creditable taxes remitted on fully paid units and refundable deposits for office rentals.

The decrease in the noncurrent assets was due to the reclassification of the 68% of the receivables to current assets.

The decrease in the current liabilities was due to the payment made to contractors for Anala Building and offset of unit owners' deposit against receivable upon recognition of real estate sales.

Increase in noncurrent liabilities refers to the recognized retirement liability for the year 2015. The negative bottomline figure of the group has caused the slight decrease in the total equity of the group.

CONSOLIDATED FINANCIAL POSITION

2014 VS 2013 (AUDITED)

(in Philippine pesos)

ACCOUNTS	12/31/2014	12/31/2013	% CHANGE
CURRENT ASSETS	1,856,927,512	1,391,278,076	33.47%
NONCURRENT ASSETS	102,554,105	440,456,519	-76.72%
TOTAL ASSETS	1,959,481,617	1,831,734,595	6.97%
CURRENT LIABILITIES	326,679,810	133,333,637	145.01%
NONCURRENT LIABILITIES	3,428,292	7,938,257	-56.81%
TOTAL LIABILITIES	330,108,102	141,271,894	133.67%
EQUITY	1,629,373,515	1,690,462,701	-3.61%
TOTAL LIABILITIES AND EQUITY	1,959,481,617	1,831,734,595	6.97%

2014 VS 2013: FINANCIAL CONDITION

The 33.47% increase in the current assets of the group was due to the increase in cash and cash equivalents brought about by the proceeds from sale of AFS financial assets and payments received from advances to related parties. An increase also in the inventory Real Estate for sale effected the increment. Please see Note 6 of the consolidated financial statements.

The 76.72% decrease in the non-current assets was due to the sale of listed shares of stocks and bonds.

The increase in current liabilities were attributable to the increase in customers' deposits and accrued contractor's payables. Accrued contract payables represent accruals for billing of various contractors relative to the Anuva and Althea Project.

The sale of AFS financial assets has caused the derecognition of deferred tax liability thus decreasing the total noncurrent liabilities as of yearend 2014.

The negative bottomline figure of the subsidiary SOC Land made up for the slight decrease in the total equity of the group.

KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the years ended December 31, 2016, 2015 and 2014:

	KEY FINANCIAL RATIOS	December 31, 2016	December 31, 2015	December 31, 2014
I.	Current/Liquidity Ratios	13.87 x	10.77 x	5.53 x
II.	Solvency Ratio	24.91%	-12.14%	-10.76%
III.	Debt-to-equity ratio (in x)	0.0694 x	0.0969 x	0.2026 x
IV.	Asset to Equity Ratio	1.0719 x	1.0969 x	1.2026 x
V.	Interest Rate Coverage Ratio	N/A	N/A	N/A
VI.	Profitability Ratio			
	Return on Equity (ROE)	1.56%	-1.32%	-2.34%
	Return on Assets (ROA)	1.46%	-1.20%	-1.95%
VII.	Other Relevant Ratios			
	Revenue Growth/ (Decline)	-22.18%	65.90%	11.82%
	Net Income Growth/ (Decline)	220.90%	44.19%	-216.66%
	EBITDA	Php 28,450,135	(18,965,657)	(35,505,165)

2016 VS 2015

The 25% decrease in the current liabilities of the group has caused the increase in current ratio and the decline in the debt to equity ratio of the group Y/Y 2016.

A slight decrease on the asset to equity ratio was due to the decrease in the real estate for sale brought about by the turnover of the units in Anala building.

An outstanding net income growth of 220% has caused to solvency ratio to inched up to 24.91%.

The increase in the EBITDA of the group was translated to the increase in the cash and cash equivalents.

2015 VS 2014

The 53.3% decrease in the current liabilities of the group has caused the increase in current ratio and the decline in the debt to equity ratio of the group for the period 2015 vis-à-vis 2014.

A slight decrease on the asset to equity ratio was due to the decrease in the real estate for sale brought about by the turnover of the units in Anala building.

An outstanding revenue growth of 65.9% was caused by higher revenue recognized for sale of real estate and other income of the subsidiary

The increase in the EBITDA of the group was translated to the increase in the cash and cash equivalents.

2014 VS 2013

There has been a decrease in the current ratio of the group owing to the increase in the current liabilities. Bulk of the current liabilities pertains to the customers' deposits and accruals on construction costs. This has also affected the debt to equity ratio.

A slight increase on the asset to equity ratio was caused by increase in the cash and cash equivalents, receivables and Real Estate for sale account of the group.

An outstanding revenue growth of 11.82% was caused by higher revenue recognized for sale of real estate by SOC Land and the gain on sale of AFS by the parent, SOC.

The manner by which the Company calculates the foregoing indicators is as follows:

Key Financial Ratios	Formula
Revenue growth	$(\text{Total Revenues (current period)} - \text{Total Revenues (prior period)}) / \text{Total Revenues (prior period)}$
Net income growth	$\text{Net Income (after tax) (current period)} / \text{Net income (prior period, after tax)}$
Solvency Ratio	$(\text{After Tax Net Income} + \text{Depreciation}) / \text{Total Liabilities}$
EBITDA	Income from operations plus depreciation and amortization
Asset to Equity Ratio	$\text{Total Assets} / \text{Total Equity}$
Return on equity (ROE)	$\text{Net income} / \text{Equity}$
Return on assets (ROA)	$\text{Net income} / \text{Total Assets}$
Current/Liquidity ratio	$\text{Current Assets} / \text{Current Liabilities}$
Debt-to-equity ratio	$\text{Total Liabilities} / \text{Equity}$

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 SOC Land is to deal and engage in real estate business.

SOC Land is developing a 2.4-hectare community, called Anuva Residences (the Project), situated near Sucat Interchange and will have four (4) tandem buildings. The first tandem building, Anala, has been completed and delivered last May 16, 2015 during the turnover ceremony held on the same day.

The second tandem building known as AZALEA is currently in a preselling stage focusing on the Green Urban Living image with amenities like the reflecting pool, adult and kiddie pool, cascades, picnic groves, clubhouse, garden party and BBQ area.

SOC Land officially launched in Nov. 15, 2015, its latest horizontal residential development project, Althea Residences. It is situated in Brgy. Zapote, Biñan City, Laguna and will feature modern homes with a tranquil vibe spread in 4.3 hectares of land. Homeowners can choose from three housing options and the subdivision offers a variety of first class amenities. For this project, road networks have been completed including the Entrance Gate/Guardhouse and the Model Houses. Additionally, a number of house and lot units have been completed and additional construction of other house and lot units is ongoing. The construction of amenities that started in 3rd quarter 2016 is expected to be completed sometime first half of 2017. It is strategically located near schools, churches, commercial establishments and malls, hospitals and government offices.

(2) Prospects for Agri-based businesses

The Company believes in the thesis that rising incomes in the Asian region will drive greater protein and food consumption. The Company entered into an agreement with the Campong It Mapangarapan It Palawano (CAMPAL) to undertake agro-industrial development for a gross area of 6000 hectares. The National Commission for Indigenous Peoples (NCIP) handed over to the Company the Certificate of Pre-condition for the agreement last June 2016. The Company is completing the requisite documents and permits from the LGUs (Local Government Units) and the Palawan

Council for Sustainable Development (PCSD) prior to start of operations for agro-industrial development with coffee as the initial undertaking.

(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 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 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.

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, 2016, 2015 and 2014 are summarized as follows:

ACCOUNTS	For the Period Dec 31			% CHANGE	
<i>In Millions</i>	2016	2015	2014	2016 vs 2015	2015 vs 2014
Statement of Financial Position					
Cash & Cash Equivalents	357.16	298.81	283.56	19.53%	5.38%
Receivables	75.64	177.27	109.84	-57.33%	61.38%
Real estate inventories	1,082.12	1,111.28	1,365.44	-2.62%	-18.61%
Due from Related Parties	0.18	0.17	0.15	7.56%	10.67%
Prepayments & Other Current Assets	68.39	5.48	47.20	1148.67%	-88.40%
Receivables - net of current portion	78.85	25.20	50.73	212.84%	-50.31%
Available for Sale (AFS) financial assets	40.86	32.75	36.31	24.78%	-9.82%
Property & Equipment	34.68	37.09	34.55	-6.48%	7.36%
Other noncurrent assets	27.09	31.70	31.70	-14.54%	0.00%
Accounts Payable & other Liabilities	114.21	152.42	326.68	-25.07%	-53.34%
Retirement benefit obligation	4.22	3.76	3.43	12.37%	9.60%
Deferred Tax Liabilities	-	0.10	-	-100.00%	100.00%
Retained Earnings - Appropriated	745.00	500.00	500.00	49.00%	0.00%
Retained Earnings - Unappropriated	143.07	362.31	386.62	-60.51%	-6.29%
Statement of Comprehensive Income					
REVENUES					
Gain on Sale of Financial Assets	-	-	24.53	-100.00%	-100.00%
Interest Income	13.20	4.87	2.89	171.08%	68.30%
Real estate sales	156.77	250.26	125.31	-37.36%	99.72%
Dividend Income	0.34	0.27	1.30	25.80%	-78.97%
Other income	40.87	16.10	6.3994	153.88%	151.56%
Foreign Exchange Gain - net	0.33	0.29	3.40	14.18%	-91.54%
COST AND EXPENSES					
Cost of Real Estate sales	113.66	195.97	100.71	-42.00%	94.58%
Sales and marketing expenses	14.34	28.97	46.07	-50.50%	-37.11%
General and Administrative Expenses	56.37	66.94	52.37	-15.79%	27.83%
Provision for Income Tax	1.37	1.21	2.86	13.12%	-57.50%
Net Gains/(Losses) on AFS Financial Assets	8.11	4.27	(22.92)	-90.13%	-118.63%

Discussion for 2016 VS 2015

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 dividend income has caused the 19.53% increase in the cash and cash equivalents for the year 2016 as against 2015.

Receivables

The decrease on the receivable is due to the collection of sales on account.

Real Estate inventories

Dropped by 2.62% due to the recognition of the cost of units sold on the Anala Building and Althea.

Prepayments & other Assets

Mainly due to decrease in Input VAT arising from the acquisition of its wholly owned subsidiaries of vatable goods and services for the Anuva Project.

Available for Sale Financial Assets

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

Property and Equipment

The decrease is due to depreciation.

Accounts Payable & Other Liabilities

Decrease was due to payments to contractors (Anala Building and Althea) and offset of unit owner's deposit against receivable upon recognition of sales.

Retirement Benefit Obligation

The group recognized ₱0.38M benefit obligation for the retirement plan of the group under defined benefit plans for the year 2016. 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.

Unrealized Valuation on AFS

Pertains to the increase in market value of other domestic stock holdings of the company.

Interest Income

The amount of ₱8.8M representing 67% of the total interest income pertains to the interest earned from installment contract receivable.

Dividend Income

Dividend Income earned from equity securities amounted to ₱0.3M in 2016.

Other Income

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

Sales and Marketing Expense

34% of the total sales and marketing expense pertains to the commissions and incentives amounting to ₱4.8M, 30% pertains to product presentation amounting to ₱4.4M and 21% makes up for the consultancy fees amounting to ₱2.9M.

General and Administrative Expenses

The following expenses take the biggest share in the general and administrative expenses: Personnel Cost amounting to ₱12.9M (23%), Taxes and Licenses amounting to ₱8.7M (15%) and Travel and transportation amounting to ₱8.3M (15%).

Discussion for 2015 VS 2014

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 dividend income has caused the 54.88% increase in the cash and cash equivalents for the year 2015 as against 2014.

Receivables

The increase on the receivable is due to the 100% completion of the Anala Condo Units – the first building on Anuva Projects for the year 2014. To that effect, the full balance of Installment Contract Receivable becomes due and demandable.

Real Estate for Sale

Dropped by 18.61% due to the recognition of the cost of units sold on the Anala Building.

Prepayments & other Assets

Mainly due to decrease in Input VAT arising from the acquisition of its wholly owned subsidiaries of vatable goods and services for the Anuva Project.

Available for Sale Financial Assets

Recognition of provision on impairment in value of domestic holdings in Petron, Lepanto, Manila mining and Manila Water.

Property and Equipment

In 2015, SOC Land recognized ₱4.6M leasehold improvement for their office.

Accounts Payable & Other Liabilities

Decrease was due to payments to contractors for Anala Building and offset of unit owner's deposit against receivable upon recognition of sales.

Deferred tax Liabilities

Pertains to possible tax liabilities for retirement cost.

Common Stock

In 2015, 70,000 shares subscribed shares were fully paid and issued. Collection from such shares this year amounted to P52,500.

Retirement Benefit Obligation

The group recognized ₱0.37M benefit obligation for the retirement plan of the group under defined benefit plans for the year 2015. 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.

Unrealized Valuation on AFS

Pertains to the increase in market value of other domestic stock holdings of the company.

Sale of Real Estate

Additional Sale of Real estate was recognized on revenue due to the completion of Anuva's first tandem building "Anala".

Interest Income

Due to the decreasing interest rates on short term investments.

Dividend Income

Dividend Income earned from equity securities amounted to ₱0.27M in 2015.

Other Income

This consists of late payment penalties, forfeited payments and interest earned on in house financing.

Cost of Real Estate Sold

Increase in these accounts is basically due to the recognition of the corresponding costs of real estate sold from buyers who have paid in full the TCP for their acquisition of condo units and/or the 20% down payment as of December 31, 2015.

Sales and Marketing Expense

62% of the total sales and marketing expense pertains to the commissions and incentives amounting to ₱18M.

General and Administrative Expenses

The following are the major composition of general and administrative expense: (1) 19.74% Personnel Cost; (2) 11.71% Provision on impairment of AFS financial assets; (3) 9.23% travel and transportation; (4) 9.05% outside services and (5) 8.24% Rent and utilities.

Discussion for 2014 VS 2013

54.88% Increase in Cash & Cash Equivalents

The increase in cash and cash equivalents are due to the following: (1) Proceeds from sale of AFS financial assets amounting to ₱326M; (2) Payments received from related parties amounting to ₱22.7M; (3) Dividends received amounting to ₱1.6M; and (4) Interest from various investments ₱3.7M.

104.48% Increase in Receivables

The significant increase on the receivable is due to the 100% completion of the Anala Condo Units – the first building on Anuva Projects for the year 2014. To that effect, the full balance of Installment Contract Receivable becomes due and demandable.

31.02% Increase in Real Estate for Sale

Additional cost was added to the inventory account ₱33M for the land, ₱150.9M for construction cost incurred and ₱139M for real estate for development.

99.31% Decrease in Due from Related Parties

Receipt of payment for advances to International Pipe Industries amounting to ₱21.5M.

28.17% Decrease in Prepayments & other Assets

Mainly due to decrease in Input VAT arising from the acquisition of its wholly owned subsidiaries of vatable goods and services for the Anuva Project.

89.98% Decrease in Available for Sale Financial Assets

Due to the sale of foreign and domestic shares of stocks and quoted foreign bonds. The parent company recognized a provision for impairment loss on AFS financial assets amounting to ₱4.5M.

100.53% Increase in Property and Equipment

In 2014, SOC Land reclassified portion of land that are not intended for sale presented under real estate for sale to property and equipment amounting to ₱16.3M.

47.76% Decrease in Other Noncurrent Assets

Noncurrent Input VAT.

145.22% Increase in Accounts Payable & Other Liabilities

This is due to the increase in the amount of customers' deposits and payables to contractors.

100% Decrease in Income Taxes Payable

The provision for income tax for the year 2014 amounted to ₱2.9M.

100% Decrease in Deferred tax Liabilities

Deferred tax recognized directly in equity as of December 31, 2013 consists of unrealized gain on changes in fair value of Foreign AFS financial assets amounting to ₱4.98 million was derecognized for the year 2014 due to the sale of foreign Bonds and foreign shares of stocks.

15.77% Increase in Retirement Benefit Obligation

The group recognized ₱0.48M benefit obligation for the retirement plan of the group under defined benefit plans for the year 2014. 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.

94.52% Decrease in Unrealized Valuation on AFS

Sale of investments in AFS Financial assets causes the derecognition of corresponding market value on the unrealized valuation on AFS, thus the decrease.

51.52% Increase in Sale of Real Estate

Additional Sale of Real estate was recognized on revenue due to the completion of Anuva's first tandem building "Anala".

84.85 Decrease in Foreign Exchange Gain

The company recognized ₱5.8M foreign exchange loss on its dollar cash and ₱9.2M foreign exchange gain on the sale of its foreign shares of stocks and bonds.

29.46% Increase in Gain on Sale of AFS Financial Assets

The parent company recognized gain on sale of AFS Financial assets amounting to ₱24.5M.

76.67% Decrease in Interest Income

Due to the decreasing interest rates on short term investments.

77.50% Decrease in Dividend Income

Dividend Income earned from equity securities amounted to ₱1.3M in 2014.

50.27% in Other Income

This pertains to the forfeited buyers' deposits amounting to ₱4.9M.

51.54% Increase in Cost of Real Estate Sold

Increase in these accounts is basically due to the recognition of the corresponding costs of real estate sold from buyers who have paid in full the TCP for their acquisition of condo units and/or the 20% down payment as of December 31, 2014.

6.64% Increase in Sales and Marketing Expense

46% of the total sales and marketing expense pertains to the commissions and incentives amounting to ₱21.09M.

6.53% Increase in General and Administrative Expenses

Bulk of the general and administrative expenses consists of outside services amounting to ₱10.3M, Personnel Cost of ₱13.9M and provision for impairment loss on AFS Financial Assets amounting to ₱4.5M recognized by the parent company.

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. Analala has sold 258 units which correspond to 50% of the total inventory of which 217 units have been turned over to end users. Out of this, 96 units are occupied with more than 182 people currently residing in the building.

AZALEA the second tandem building of ANUVA RESIDENCES is still in a pre-selling stage which is focusing on the Green Urban Living image. The construction of amenities like swimming pool with pool deck, pocket garden, trellis canopy, perimeter landscaping, shower and foot bath with changing rooms has started last March 23, 2017, and expected to be completed on June 15, 2017. Azalea has sold 50 units which correspond to 12% of the total inventory.

SOC Land's horizontal residential development project, ALTHEA RESIDENCES located at Biñan City Laguna has sold a total of 101 units, a combination of lots and house & lots which correspond to 47% of the total inventory. Eleven (11) units have already constructed, and eight (8) of this have been turned over to end users. Out of this five (5) units are occupied and already residing in the subdivision. In addition, there are six (6) more units that are being constructed and expected to be completed in July 2017. Amenities for this project have already been completed last February 2017 such as the clubhouse, swimming pool & basketball court.

Other Energy, Mineral and Resource Based Opportunities

The Company believes in the thesis that rising incomes in the Asian region will drive greater protein and food consumption. The Company entered into an agreement with the Campong It Mapangarapan It Palawano (CAMPAL) to undertake agro-industrial development for an area of over 3000 hectares. The National Commission for Indigenous Peoples (NCIP) handed over to the Company the Certificate of Pre-condition for the agreement last June 2016. The Company is completing the requisite documents and permits from the LGUs (Local Government Units) and the Palawan Council for Sustainable Development (PCSD) prior to start of operations for agro-industrial development with coffee as the initial undertaking.

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

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
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Other Energy, Mineral & Resources Based Opportunities	\$ 200K 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 first quarter ending March 31, 2017, the high, low and closing price is at ₱0.86, ₱0.86 and ₱0.86 respectively. As of the trading date April 18, 2017 the high, low and closing price is at ₱0.85, ₱0.85 and ₱0.85 respectively. The Corporation has no securities to be issued about an acquisition, business combination or other re-organization. Furthermore, the following are the high and low sales prices for each quarter within the last two years (2016 and 2015).

Stock Prices

2016	High	Low
First Quarter	0.80	0.76
Second Quarter	0.93	0.89
Third Quarter	1.00	0.94
Fourth Quarter	0.83	0.83
2015	High	Low
First Quarter	0.94	0.93
Second Quarter	0.75	0.75
Third Quarter	0.73	0.70
Fourth Quarter	0.71	0.71

(2) Holders

The number of shareholders of record as of March 31, 2017 was 363. Common shares issued as of March 31, 2017 were 906,559,568. Total number of common shares outstanding as of March 31, 2017 were 901,920,568.

Top Twenty (20) Stockholders
As of March 31, 2017

NO.	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)	171,710,734	19.0383
5	PCD NOMINEE CORP. (NON-FILIPINO)	7,644,266	0.8476
6	R. COYIUTO SECURITIES, INC.	1,825,000	0.2023
7	DE VILLA, LUISMI GALA	808,000	0.0896
8	ESCALER, MICHAEL	630,000	0.0699
9	PEREZ, MA. GEORGINA V.	610,000	0.0676
10	MANGUIAT, REMEDIOS J.	580,000	0.0643
11	MANDARIN SECURITIES CORP.	561,000	0.0622
12	CRUZ, BENITO T. DELA	520,000	0.0577
13	CABANES, LORETO	500,000	0.0554
	CHUA, ROJAS	500,000	0.0554
	ESTRADA, JOSEPH	500,000	0.0554
	LAYOSA, EDNA L.	500,000	0.0554
	MERCADO, TERESITA P.	500,000	0.0554
	MITRA, RAMON	500,000	0.0554
	OSMENA, RAMON	500,000	0.0554
14	F. YAP SECURITIES, INC.	440,000	0.0488
15	HIGHLAND SECURITIES PHILS.	430,000	0.0477
	WEALTH SECURITIES, INC.	430,000	0.0477
16	LUYS SECURITIES CO., INC.	410,000	0.0455
17	BAYOT, FRANCISCO, JR.	400,000	0.0443
	BONDOC, MARGARITA P.	400,000	0.0443
	DE LA PAZ, WENCESLAO, R.	400,000	0.0443
	DEE, ANTHONY	400,000	0.0443
	ORTIGAS, FRANCISCO III	400,000	0.0443
	PURA TRADING CORP.	400,000	0.0443
	PUYAT REYES, MA. CONSUELO	400,000	0.0443
	PUYAT, ARISTEO G.	400,000	0.0443
	PUYAT, JOSE G. JR.	400,000	0.0443
	SANTOS, CRISANTO	400,000	0.0443
18	MARK SECURITIES CORP.	360,000	0.0399
19	MARAMBA, FELIX K. JR.	340,000	0.0377
20	FIDELITY SECURITIES, INC.	330,000	0.0366

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, 2016 and two years ended December 31, 2015 and December 31, 2014.

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.

SOCResources, Inc. and Subsidiary

Consolidated Financial Statements
December 31, 2016 and 2015
and for Each of the Three Years in the
Period Ended December 31, 2016

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
SOCResources, Inc.

Opinion

We have audited the consolidated financial statements of SOCResources, Inc. and Subsidiary (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, 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, 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2016, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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.

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.



Revenue and Costs Recognition

The Group applies the percentage-of-completion (POC) method in determining the real estate revenue and costs. The POC is based on the proportion of costs incurred to date, over the total estimated cost of the real estate project. The cost of real estate sales is determined on the basis of the total estimated costs applied with the POC of the project. The Group's real estate revenue and costs account for 74% of the total consolidated revenue, and 100% of the total consolidated cost of real estate sales, respectively. The estimation of the total cost of the real estate project requires technical inputs by management's specialists (project development engineers). In addition, the Group requires a certain percentage of the buyer's payments from the total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. It is management's assumption that economic benefits will flow into the Group because of the buyers' continuing commitment to the sales agreement. The assessment of the stage of completion and the level of buyer's equity involves significant management judgment as disclosed in Note 2 to the consolidated financial statements.

Audit response

We obtained an understanding of the Group's processes in evaluating the POC and the cost accumulation process, as well as in calculating and updating the total estimated costs. We also performed tests of the relevant controls on these processes, and assessed the competence, capabilities and objectivity of the project engineers with reference to their qualifications, experience and reporting responsibilities. For selected projects, we traced the accumulated costs to the supporting documents such as the notices of award to contractors, billing statements, accomplishment reports, payment vouchers and official receipts. We visited selected project sites and made relevant inquiries with project engineers. We performed a test computation of management's calculation of the POC. For selected projects, we obtained the approved total estimated costs and the supporting details such as the duration of the work, terms of payment and other inclusions in the contract price. We evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales collections from buyers with accumulated payments above the collection threshold. We also analyzed supporting documents such as sales and collection reports, and the related official receipts.

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, 2016, 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, 2016 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.



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, 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 a manner that achieves fair presentation.
- 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.

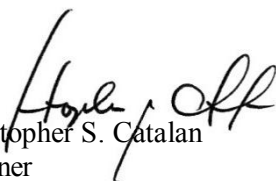
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Kristopher S. Catalan.

SYCIP GORRES VELAYO & CO.



Kristopher S. Catalan
Partner

CPA Certificate No. 109712

SEC Accreditation No. 1509-A (Group A),
October 1, 2015, valid until September 30, 2018

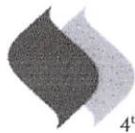
Tax Identification No. 233-299-245

BIR Accreditation No. 08-001998-109-2015,
March 4, 2015, valid until March 3, 2018

PTR No. 5908679, January 3, 2017, Makati City

April 4, 2017





SOCResources, Inc.

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of SOCResources, Inc. and subsidiary is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015, 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

17 APR 2017

SUBSCRIBED AND SWORN to before me this 17 day of APR 2017 affiants exhibiting to me their valid government issued identification as follows:

Name	Type	No.	Date of Issue	Place of Issue	Expiry
Edgardo P. Reyes	Passport	EB7987031	Apr 26, 2013	DFA, Manila	Apr 25, 2018
Wilfrido P. Reyes	Passport	EB8746273	Jul 23, 2013	DFA, Manila	Jul 22, 2018
Belen R. Castro	Passport	EB0366990	May 21, 2014	DFA, Manila	May 20, 2019
Zosimo L. Padro, Jr.	IBP	36869	N/A	Manila	N/A

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Page No.: 57/8
Book No.: 7/8
Series of 2017.

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY

APPT. NO. M-88

UNTIL DEC. 31, 2018

ROLL OF ATTY. NO. 48348

MCLE COMPLIANCE NO. 110016333-4/10/13

I.B.P.O.R No. 706762, LIFETIME MEMBER JAN 29, 2007

PTR No. 590-90-82 JAN. 3, 2017

EXECUTIVE BLDG. CENTER

MAKATI AVE. COR., JUPITER ST. MAKATI CITY

Telephone No. 804-1978 * Telefax No. 804-1977

SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱357,158,066	₱298,808,553
Receivables (Note 5)	75,635,832	177,266,750
Real estate inventories (Note 6)	1,082,121,596	1,111,283,626
Due from related party (Note 17)	179,036	166,452
Prepayments and other current assets (Note 7)	68,390,280	54,477,053
Total Current Assets	1,583,484,810	1,642,002,434
Noncurrent Assets		
Receivables - net of current portion (Note 5)	78,848,862	25,203,983
Available-for-sale (AFS) financial assets (Note 8)	40,860,708	32,745,902
Property and equipment (Note 9)	34,682,617	37,086,763
Other noncurrent asset (Note 10)	27,088,243	31,695,342
Total Noncurrent Assets	181,480,430	126,731,990
TOTAL ASSETS	₱1,764,965,240	₱1,768,734,424
LIABILITIES AND EQUITY		
Current Liability		
Accounts payable and other liabilities (Note 11)	114,205,459	₱152,415,502
Noncurrent Liabilities		
Retirement benefit obligation (Note 15)	4,222,219	3,757,551
Deferred tax liabilities (Note 16)	—	99,239
Total Noncurrent Liabilities	4,222,219	3,856,790
Total Liabilities	118,427,678	156,272,292
Equity		
Common stock - ₱1 par value (Note 18)		
Authorized - 1,000,000,000 shares		
Issued - 600,559,569 shares	600,559,569	600,559,569
Subscribed - 306,000,000 shares in 2016 and 2015 (net of subscription receivable of ₱229,500,000 in 2016 and 2015)	76,500,000	76,500,000
Additional paid-in capital	72,272,140	72,272,140
Retained earnings:		
Appropriated (Note 18)	745,000,000	500,000,000
Unappropriated	143,071,110	362,306,250
Other comprehensive income:		
Unrealized valuation gains on AFS financial assets (Note 8)	13,712,536	5,597,730
Actuarial gains on defined benefit plan (Note 15)	383,857	188,093
Treasury stock (Note 18)	(4,961,650)	(4,961,650)
Equity	1,646,537,562	1,612,462,132
TOTAL LIABILITIES AND EQUITY	₱1,764,965,240	₱1,768,734,424

See accompanying Notes to Consolidated Financial Statements.



SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2016	2015	2014
REVENUE			
Real estate sales	₱156,770,447	₱250,260,691	₱125,308,012
Interest income (Notes 4, 5 and 8)	13,195,736	4,867,872	2,892,358
Foreign exchange gains - net	328,198	287,439	3,398,108
Dividend income (Note 8)	343,869	273,350	1,299,658
Gain on sale of AFS financial assets (Note 8)	—	—	24,525,927
Other income (Note 14)	40,869,226	16,098,064	6,399,384
	211,507,476	271,787,416	163,823,447
COSTS AND EXPENSES			
Cost of real estate sales (Note 6)	(113,657,657)	(195,967,763)	(100,712,652)
General and administrative expenses (Note 12)	(56,370,938)	(66,942,563)	(52,367,413)
Sales and marketing expenses (Note 13)	(14,340,893)	(28,973,782)	(46,074,196)
	(184,369,488)	(291,884,108)	(199,154,261)
INCOME (LOSS) BEFORE INCOME TAX	27,137,988	(20,096,692)	(35,330,814)
PROVISION FOR INCOME TAX (Note 16)	1,373,128	1,213,840	2,856,043
NET INCOME (LOSS)	25,764,860	(21,310,532)	(38,186,857)
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>			
Net gains (losses) on AFS financial assets (Note 8)	8,114,806	4,268,083	(22,915,268)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gains on defined benefit plan (Note 15)	195,764	78,566	12,939
	8,310,570	4,346,649	(22,902,329)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱34,075,430	(₱16,963,883)	(₱61,089,186)
Basic/Diluted Loss Per Share (Note 19)	(₱0.0284)	(₱0.0235)	(₱0.0422)

See accompanying Notes to Consolidated Financial Statements.



SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	₱27,137,988	(₱20,096,692)	(₱35,330,814)
Adjustments for:			
Depreciation and amortization (Note 9)	2,685,275	2,344,875	2,681,692
Provision for impairment loss on AFS financial assets (Note 8)	–	7,835,749	4,129,214
Gain on sale of AFS financial assets (Note 8)	–	–	(24,525,927)
Unrealized foreign exchange losses (gains)	(328,198)	(287,439)	5,839,137
Dividend income (Note 8)	(343,869)	(273,350)	(1,299,658)
Interest income (Notes 4, 5 and 8)	(13,195,736)	(4,867,872)	(2,892,358)
Retirement benefit cost (Note 15)	561,193	507,064	479,895
Gain on repossession (Note 14)	(15,398,166)	(5,428,035)	–
Operating income (loss) before working capital changes	1,118,487	(20,265,700)	(50,918,819)
Decrease (increase) in:			
Receivables	48,007,271	(41,902,172)	(85,357,220)
Due from related parties	(12,584)	(16,052)	28,973,538
Real estate inventories	44,560,196	162,735,641	(339,616,361)
Prepayments and other current assets	(9,306,128)	(7,272,650)	23,289,820
Increase (decrease) in accounts payable and other liabilities	(38,210,043)	(77,416,007)	191,732,710
Cash flows generated from (used in) operations	46,157,199	15,863,060	(231,896,332)
Interest received	13,174,504	4,867,872	674,065
Income taxes paid (including creditable withholding taxes)	(1,373,128)	(1,213,840)	(6,019,125)
Net cash flows from (used in) operating activities	57,958,575	19,517,092	(237,241,392)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received (Note 8)	343,869	273,350	1,589,677
Acquisitions of:			
Property and equipment (Note 9)	(281,129)	(4,886,443)	(3,663,693)
AFS financial assets (Note 8)	–	–	(6,247,447)
Proceeds from sale of AFS financial assets	–	–	326,181,603
Payments received from related parties (Note 17)	–	–	22,686,107
Interest received (Note 8)	–	–	3,020,632
Net cash flows from (used in) investing activities	62,740	(4,613,093)	343,566,879
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of capital stock	–	52,500	–
Due from related party (Note 17)	–	–	(11,611)
Cash flows from (used in) financing activities	–	52,500	(11,611)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	328,198	287,439	(5,839,137)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
	58,349,513	15,243,938	100,474,739
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
	298,808,553	283,564,615	183,089,876
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)			
	₱357,158,066	₱298,808,553	₱283,564,615

See accompanying Notes to Consolidated Financial Statements.



SOCRESOURCES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	Common Stock (Note 18)		Additional Paid-in Capital	Retained Earnings (Note 18)		Other Comprehensive Income			Total
	Issued	Subscribed		Appropriated	Unappropriated	Assets - net Financial (Note 8)	Unrealized Valuation Gains on AFS Financial (Note 15)	Actuarial Gains on Defined Benefit Plan (Note 18)	Treasury Stock (Note 18)
Balances at December 31, 2013	₱600,489,569	₱76,517,500	₱72,272,140	₱500,000,000	₱421,803,639	₱24,244,915	₱96,588	(₱4,961,650)	₱1,690,462,701
Net loss	—	—	—	—	(38,186,857)	—	—	—	(38,186,857)
Other comprehensive income (loss)	—	—	—	—	—	(22,915,268)	12,939	—	(22,902,329)
Total comprehensive income (loss)	—	—	—	—	(38,186,857)	(22,915,268)	12,939	—	(61,089,186)
Balances at December 31, 2014	600,489,569	76,517,500	72,272,140	500,000,000	383,616,782	1,329,647	109,527	(4,961,650)	1,629,373,515
Net loss	—	—	—	—	(21,310,532)	—	—	—	(21,310,532)
Other comprehensive income	—	—	—	—	—	4,268,083	78,566	—	4,346,649
Total comprehensive income (loss)	—	—	—	—	(21,310,532)	4,268,083	78,566	—	(16,963,883)
Common stock issuance	70,000	(70,000)	—	—	—	—	—	—	—
Collection of subscription receivable	—	52,500	—	—	—	—	—	—	52,500
Balances at December 31, 2015	600,559,569	76,500,000	72,272,140	500,000,000	362,306,250	5,597,730	188,093	(4,961,650)	1,612,462,132
Net income	—	—	—	—	25,764,860	—	—	—	25,764,860
Other comprehensive income	—	—	—	—	—	8,114,806	195,764	—	8,310,570
Total comprehensive income	—	—	—	—	25,764,860	8,114,806	195,764	—	34,075,430
Appropriations for the Subsidiary's project	—	—	—	600,000,000	(600,000,000)	—	—	—	—
Appropriations for agricultural project	—	—	—	145,000,000	(145,000,000)	—	—	—	—
Reversal of prior appropriations	—	—	—	(500,000,000)	500,000,000	—	—	—	—
Balances at December 31, 2016	₱600,559,569	₱76,500,000	₱72,272,140	₱745,000,000	₱143,071,110	₱13,712,536	₱383,857	(₱4,961,650)	₱1,646,537,562

See accompanying Notes to Consolidated Financial Statements.



SOCRESOURCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information, Status of Operations and Approval 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, primarily to undertake oil and gas exploration, development and production. The Parent Company's shares of stock are publicly traded in the Philippine Stock Exchange (PSE).

In October 2003, the Philippine SEC approved the amendment of the Parent Company's articles of incorporation, particularly the change in its primary purpose of business. The Parent Company is now 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 former primary purpose of oil and gas exploration was reclassified as among the secondary purposes of the Parent Company.

On April 25, 2014, the Board of Directors (BOD) approved the amendment in the articles of incorporation to change the name of the Parent Company from South China Resources, Inc. to SOCResources, Inc. The change was approved by the Philippine SEC on September 4, 2014.

SOC Land Development Corporation (SOC Land or the Subsidiary) was incorporated in the Philippines and registered with the Philippine SEC on November 25, 2010.

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 (the Project). The Project involves the development of a 2.4-hectare community situated near Sucat Interchange and will have four tandem buildings. The total estimated cost of the Project is ₱2.0 billion and is targeted for completion within five years from the start of its construction.

On July 12, 2011, the groundbreaking ceremony for the Project was held and construction for the Project's Tandem Building 1 (Anala) commenced thereafter. Anala was completed in 2014, together with the parking lots and the amenities facing the first building. In May 2016, the Group has started the turn over of Anala to its buyers.

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 is 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, 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.

On December 14, 2011, the Housing and Land Use Regulatory Board released SOC Land's License to Sell for the Project.

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

In 2014, the Company launched a house and lot/lots only project that will be known as Althea Residences (Althea) which is located in Binan, Laguna with an initial offer of 214 choice lots, commercial and residential combined.

The second tandem building of Anuva (Azalea) was formally launched in 2014 and is expected to have sales of 476 units combined of studio, 1 bedroom and 2 bedroom units.

Approval of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016 were approved and authorized for issue by the BOD on April 4, 2017.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis except for AFS financial assets 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 have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRS includes statements named PFRS and Philippine Accounting Standards (PASs) and Philippine Interpretations from the International Financial Reporting Interpretation Committee (IFRIC) issued by the Philippine Financial Reporting Standards Council.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its wholly owned subsidiary, SOC Land. 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.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the first time amendments, which are effective for annual periods beginning on or after January 1, 2016. Except as otherwise indicated, the adoption of these amendments did not have any significant impact on the consolidated financial statements.

- Amendments to PFRS 10, PFRS 12 and PAS 28, *Investment Entities: Applying the Consolidation Exception*
- Amendments to PFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14, *Regulatory Deferral Accounts*
- Amendments to PAS 1, *Disclosure Initiative*
- Amendments to PAS 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16 and PAS 41, *Agriculture: Bearer Plants*
- Amendments to PAS 27, *Equity Method in Separate Financial Statements*
- Annual Improvements to PFRSs 2012 - 2014 Cycle
 - Amendment to PFRS 5, *Changes in Methods of Disposal*
 - Amendment to PFRS 7, *Servicing Contracts*
 - Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
 - Amendment to PAS 19, *Discount Rate: Regional Market Issue*
 - Amendment to PAS 34, *Disclosure of Information 'Elsewhere in the Interim Financial Report'*

New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to December 31, 2016

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated financial statements are listed on the next page. The Group intends to adopt these standards when they become effective. Except as otherwise indicated, the adoption of these standards and interpretations are not expected to have significant impact on the consolidated financial statements.

Effective January 1, 2017

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)
- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*
- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*



Effective January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*
- PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. The Group is currently assessing the impact of PFRS 15 and plans to adopt the new standard on the required effective date.

- PFRS 9, *Financial Instruments*

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group is currently assessing the impact of PFRS 9 and plans to adopt the new standard on the required effective date.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)
- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*
- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

Effective January 1, 2019

- PFRS 16, *Leases*

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.



The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of adopting PFRS 16.

Deferred effectivity

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

Summary of Accounting Policies

Cash and Cash Equivalents

Cash includes cash on hand and with 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.

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 input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the 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.

Current versus Non-current Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current 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 non-current.

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 non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

Financial Instruments

Date of Recognition

Financial instruments are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date.



All regular way purchases and sales of financial assets are recognized on the settlement date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Initial Recognition of Financial Instruments

Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Except for financial assets at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs.

“Day 1” Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss unless it qualifies for the recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the amount of “Day 1” difference.

Classification of Financial Instruments

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Financial assets are further classified into the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and AFS financial assets. Financial liabilities are classified as financial liabilities at FVPL or other financial liabilities.

The classification depends on the purpose for which the instruments are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every reporting date.

The Group has no financial assets or liabilities at FVPL and HTM as of December 31, 2016 and 2015.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortized cost using the effective interest rate, less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are integral part of the effective interest and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

The Group’s loans and receivables consist of cash and cash equivalents, receivables, due from related parties and refundable deposits.



Available-for-sale Financial Assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those which are neither classified as held for trading nor designated at FVPL. Debt securities under this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in “Unrealized valuation gains (losses) on AFS financial assets” until the investment is derecognized, at which time the cumulative gain or loss is transferred to other income (expenses), or determined to be impaired, at which time the cumulative loss is recognized in profit or loss as other expenses. Interest earned while holding AFS financial assets is reported as interest income using the effective interest method.

The Group evaluates its AFS financial assets whether the ability and intention to sell them in the near term is appropriate. When the Group is unable to trade these financial assets due to inactive markets and management’s intent to do significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and has the intent and ability to hold these assets for the foreseeable future or maturity. Reclassification to the HTM category is permitted only when the entity has the ability and intent to hold the financial asset accordingly until maturity.

For a financial asset reclassified out of the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in other comprehensive income is amortized to profit or loss over the remaining life of the investment using effective interest method. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the effective interest method. If the asset is subsequently determined to be impaired, then the amount recorded in other comprehensive income is reclassified to profit or loss.

The Group’s AFS financial assets consist of equity shares and golf club shares.

Other Financial Liabilities

Other financial liabilities pertain to issued financial instruments or their components that are not classified or designated at FVPL and contain contractual obligations to deliver cash or another financial asset to the holder or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

This category includes loans and borrowings which are initially recognized at fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains or losses are recognized in profit or loss when the liabilities are derecognized, as well as through the amortization process.

The Group’s other financial liabilities consist of accounts payable and other liabilities, excluding taxes payable to government agencies.



Impairment of Financial Assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the contracted parties or a group of contracted parties is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is measurable decrease in the estimated future cash flows such as changes in arrears or economic conditions that correlate with defaults.

The Group has financial assets under the fair value hierarchy as of December 31, 2016 and 2015.

Financial Assets Carried at Amortized Cost

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS Financial Assets Carried at Fair Value

In the case of equity investments, evidence of impairment would include a significant or prolonged decline in fair value of investments below its cost. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized, is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in other comprehensive income.



In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at fair value. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Offsetting 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 set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset 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.

Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.



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:

- Land cost
- Amounts paid to contractors for construction
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

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 amount of any write-down of inventories to NRV and all losses of inventories are recognized in profit or loss in the year the write-down or loss occurs.

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. Any resulting gain is credited to "Other income" in 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 statement of financial position. These are charged to expense in profit or loss, or capitalized to real estate inventories in the consolidated statement 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 asset. CWTs are classified in the "Prepayments and other current assets" account in the consolidated statement of financial position.

Value-added Tax (VAT)

VAT is equal to 12% of the purchase or selling price of the VATable goods and services. VAT imposed on purchases is called input VAT while VAT imposed on sales is called output VAT. Input VAT and output VAT are presented at gross in the consolidated statement of financial position. Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority,



in which case, the VAT is recognized as part of the cost of the asset or as part of the expense item, as applicable. VAT on the purchase of assets classified as capital assets exceeding a certain threshold as provided by the taxing authority is recognized as deferred input VAT and is amortized within the life of the asset of five years, whichever is shorter.

The input VAT recoverable from the taxation authority is included as part of “Prepayments and other current assets” or “Other noncurrent assets”, while output VAT payable to the taxation authority is included as part of “Accounts payable and other liabilities” accounts in the consolidated statement of financial position.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment losses.

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

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

Asset Type	Number of years
Building	20
Office furniture and equipment	1-3
Transportation equipment	5

Leasehold improvements are amortized on a straight-line basis over the term of the lease or the estimated lives of the improvements except for, whichever is shorter.

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

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

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



Impairment of Nonfinancial Assets

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

For nonfinancial assets excluding goodwill, 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.

Common Stock

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

When the shares are sold at premium, the 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.

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 that portion which has been restricted, and therefore, not available for dividend declaration. Unappropriated retained earnings represent that portion 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 and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific revenue recognition criteria should also be met before revenue is recognized.

Real Estate Sales

The Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

The percentage of completion (POC) method is used to recognize income from sale of projects where the Group has material obligations under the sales contract to complete the project after the property is sold. The Group start recognizing income under POC when the equitable interest has been transferred to the buyer, construction is beyond the preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the costs incurred or to be incurred can be measured reliable. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of actual costs incurred to date over the estimated total costs to complete the project.

When a sale of real estate does not meet the requirements for income recognition, the sale is accounted for under the deposit method. Under this method, revenue is not recognized and the receivable from the buyer is not recorded. The real estate inventory continues to be reported in the Group's consolidated statement of financial position as part of real estate inventories and the deposit as part of as "Customers' deposits" included under the "Accounts payable and other liabilities" account in the consolidated statement of financial position.

Cost of Real Estate Sales

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 profit or loss in the period in which the change is made.

Interest Income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available for sale, interest income is recorded using the effective interest rate (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.

Dividend Income

Dividend income is recognized when the Group's right to receive the payment is established, usually upon declaration of the dividends.

Gain on Sale of Available-for-sale Financial Assets and Held-to-maturity Investments

Realized gain or loss on sale of AFS financial assets and HTM investments is recognized in profit or loss when the Group disposes its AFS financial assets and HTM investments.

Other income

Other income pertains to the gain arising from forfeiture or cancellation of prior years' real estate sales.

Expense Recognition

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.

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.

Commission Expense

Commissions paid to sales or 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. Accordingly, when the POC method is used, commissions are likewise charged to expense in the period the related revenue is recognized. Commission expense is included in the "Sales and marketing expenses" account in the consolidated statement of comprehensive income. Commission expense incurred but not yet paid as of reporting date is presented as part of "Accounts payable and other liabilities" in the consolidated statement of financial position.

Retirement Benefits Cost

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
- Remeasurements 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 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.

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



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

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

Deferred income tax assets and deferred 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 per share is computed by dividing net income for the year attributable to equity holders of the Parent Company 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 per share is computed in the same manner, with the net income for the year attributable to equity holders of the Parent Company 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 determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

- a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- c. there is a change in the determination of whether fulfillment is dependent on a specified asset;
or
- d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).



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 consolidated financial statements when an inflow of economic benefits is probable.

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 PFRS 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

Revenue Recognition

Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgments based on, among others, the buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment and stage of completion of the project. Based on the judgment of the Group, the POC method is appropriate in recognizing revenue on real estate sale transactions in 2016, 2015 and 2014.

Classification of Financial Instruments

The Group exercises judgments in classifying a financial instrument on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position (see Note 20).



Operating Leases - The Group as Lessee

The Group has entered into a lease for its administrative office location. The Group has determined that all the significant risks and benefits of ownership of these properties remain with the lessors. Accordingly, these leases are accounted for as operating leases.

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 POC is determined based on actual costs incurred to date over the estimated total costs to complete the project reconciled with the project engineer's judgment and estimates on the physical portion of contract work done if the development is beyond the preliminary stage.

Real estate sales and cost of real estate sales amounted to ₱156.8 million and ₱113.7 million in 2016 ₱250.3 million and ₱196.0 million in 2015, and ₱125.3 million and ₱100.7 million in 2014, respectively.

Estimation of Allowance for Impairment of Loans and Receivables

The level of allowance for loans and receivables is evaluated by management based on past collection history and other factors which include, but are not limited to the length of the Group's relationship with the customer, the customer's payment behavior and known market factors that affect the collectability of the accounts.

There are no allowance for impairment losses on loans and receivables as of December 31, 2016 and 2015. Receivables and due from related parties amounted to ₱154.7 million and ₱202.6 million as of December 31, 2016 and 2015, respectively (see Notes 5 and 17).

Measurement of Net Realizable Value of Real estate Inventories

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

Real estate inventories at cost amounted to ₱1,082.1 million and ₱1,111.3 million as of December 31, 2016 and 2015, respectively. In 2016 and 2015, 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 6).



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 2016 and 2015. The carrying values of property and equipment amounted ₱18.3 million and ₱20.8 million as of December 31, 2016 and 2015, respectively (see Note 8).

Valuation of Financial Instruments

PFRS requires certain financial assets and liabilities to be carried at fair value, which requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any changes in fair value of these financial assets would affect profit and loss and equity. The fair value of the Group's financial assets and liabilities are disclosed in Note 20.

Impairment of AFS Financial Assets

The Group treats AFS financial assets as impaired when there has been significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or when is 'prolonged' requires judgment. The Group treats 'significant' generally as 20% or more of the cost of AFS and 'prolonged' if greater than six months. In addition, the Group evaluates other factors, including normal and/or unusual volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities. The Group also considers the ability of the investee to provide dividends.

As of December 31, 2016 and 2015, the Group's provision for impairment loss on AFS financial assets amounted to nil and ₱7.8 million, respectively (see Note 8).

The carrying amounts of AFS financial assets amounted to ₱40.9 million and ₱32.7 million as of December 31, 2016 and 2015, respectively (see Note 8). The change in the fair value of the AFS financial assets is recorded as "Unrealized valuation gains on AFS financial assets" account in the equity section of the consolidated statement of financial position. As of December 31, 2016 and 2015, the unrealized valuation gain on AFS financial assets amounted to ₱13.7 million and ₱5.6 million, respectively (see Note 8).

Impairment of Nonfinancial Assets

The Group evaluates its impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of these 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 the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. For impairment loss on specific assets, the recoverable amount represents the fair value less costs to sell.

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

No provision for impairment losses was recognized in 2016, 2015 and 2014. The carrying values of nonfinancial assets amount to ₱61.8 million and ₱68.9 million as of December 31, 2016 and 2015, respectively (see Notes 9 and 10).

Recognition of Deferred Income Tax Assets

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

The Group recognized deferred income tax asset amounting to ₱11.2 million and ₱3.9 million as of December 31, 2016 and 2015, respectively (see Note 16).

4. Cash and Cash Equivalents

	2016	2015
Cash on hand and in banks	₱59,792,734	₱75,352,158
Cash equivalents	297,365,332	223,456,395
	₱357,158,066	₱298,808,553

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 investment rates. Interest income earned amounted to ₱2.6 million, ₱2.1 million and ₱0.6 million in 2016, 2015 and 2014, respectively.



5. Receivables

	2016	2015
Installment contract receivables	₱116,819,864	₱178,078,526
Advances to:		
Officers and employees	19,258,164	6,514,238
Suppliers and contractors	6,201,177	5,686,578
Agents	1,056,607	659,931
Other receivables	11,148,882	11,531,460
	154,484,694	202,470,733
Less current portion of receivables	(75,635,832)	(177,266,750)
	₱78,848,862	₱25,203,983

- a. Installment contract receivables arises from sale of real estate and is collectible in monthly installments over a period ranging from one to 10 years which bears interest rates of 14.0% to 16.0% in 2016 and 2015 computed on the diminishing balance.

Interest income earned amounted to ₱8.8 million, ₱2.4 million and nil in 2016, 2015 and 2014, 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.
- c. 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.
- d. Other receivables consists mostly of receivables from unit owners.

6. Real Estate Inventories

	2016	2015
Condominium and residential units	₱577,738,822	₱614,141,232
Subdivision projects for development	334,782,960	332,914,287
Lot inventory	169,599,814	164,228,107
	₱1,082,121,596	₱1,111,283,626

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

	2016	2015
Balances at beginning of year	₱1,111,283,626	₱1,365,439,533
Development costs incurred (Note 23)	20,561,570	38,660,157
Disposals recognized as cost of real estate sales	(113,657,657)	(195,967,763)
Reposessed inventories	63,934,057	23,898,958
Change in development plan	–	(96,848,301)
	₱1,082,121,596	₱1,111,283,626

Change in development plan pertains to accrued costs related to the amenities of Anuva Project. As of December 31, 2016, construction of the portion of the amenities has not yet started.



7. Prepayments and Other Current Assets

	2016	2015
Input VAT - current portion (Note 10)	₱46,813,687	₱40,246,584
Prepaid taxes	18,835,254	10,401,945
Refundable deposits (Note 23)	2,687,786	3,430,359
Others	53,553	398,165
	₱68,390,280	₱54,477,053

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

8. AFS Financial Assets

	2016	2015
Shares of stock	₱20,200,708	₱15,645,902
Golf club shares	20,660,000	17,100,000
	₱40,860,708	₱32,745,902

The Group's AFS financial assets pertain to investments in shares of stock of various publicly-listed companies and golf club shares.

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 price is indicative of actual and regularly occurring market transactions on an arm's length basis.

The fair value of quoted club share is determined by reference to published price quotation. The price is indicative of actual and regularly occurring market transactions on an arm's length basis.

Dividend income earned from equity securities classified as "AFS financial assets" amounted to ₱0.3 million, ₱0.3 million and ₱1.3 million in 2016, 2015 and 2014, respectively.

Sale of Equity Shares and Quoted Bonds

In 2014, the Group sold some of its AFS investments in listed equity shares and quoted bonds. Gain on sale of AFS financial assets in listed equity shares and quoted bonds recognized in profit or loss amounted to ₱21.4 million and ₱3.1 million, respectively. Interest income earned from quoted bonds in 2014 amounted to ₱2.3 million.

The rollforward of net changes in fair value of AFS financial assets during the years ended December 31 are as follows:

	2016	2015
Balances at beginning of year	₱5,597,730	₱1,329,647
Fair value adjustments (net of impairment loss amounting to nil in 2016 and ₱7.8 million in 2015)	8,114,806	4,268,083
Balances at end of year	₱13,712,536	₱5,597,730



9. Property and Equipment

December 31, 2016

	Land	Building	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	₱16,336,217	₱18,734,059	₱9,288,463	₱13,762,035	₱5,383,909	₱63,504,683
Additions	—	—	165,057	—	116,072	281,129
Balances at end of year	16,336,217	18,734,059	9,453,520	13,762,035	5,499,981	63,785,812
Accumulated depreciation and amortization						
Balances at beginning of year	—	3,534,442	8,254,248	13,675,577	953,653	26,417,920
Depreciation and amortization (Notes 12 and 13)	—	936,703	710,083	86,458	952,031	2,685,275
Balances at end of year	—	4,471,145	8,964,331	13,762,035	1,905,684	29,103,195
Net book values	₱16,336,217	₱14,262,914	₱489,189	₱—	₱3,594,297	₱34,682,617

December 31, 2015

	Land	Building	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	₱16,336,217	₱18,734,059	₱9,065,447	₱13,762,035	₱720,482	₱58,618,240
Additions	—	—	223,016	—	4,663,427	4,886,443
Balances at end of year	16,336,217	18,734,059	9,288,463	13,762,035	5,383,909	63,504,683
Accumulated depreciation and amortization						
Balances at beginning of year	—	2,597,739	7,227,461	13,527,363	720,482	24,073,045
Depreciation and amortization (Notes 12 and 13)	—	936,703	1,026,787	148,214	233,171	2,344,875
Balances at end of year	—	3,534,442	8,254,248	13,675,577	953,653	26,417,920
Net book values	₱16,336,217	₱15,199,617	₱1,034,215	₱86,458	₱4,430,256	₱37,086,763

As of December 31, 2016 and 2015, the cost of fully depreciated property and equipment amounted to ₱13.8 million and ₱13.5 million, respectively. These are retained in the records and still used by the Parent Company until these are disposed or the Parent Company vacate the leased premises.

10. Other Noncurrent Asset

Other noncurrent asset as of December 31, 2016 and 2015 consist of input VAT that is expected to be offset against output VAT in more than one year and deferred input VAT amounted to ₱27.1 million and ₱31.7 million, respectively.

11. Accounts Payable and Other Liabilities

	2016	2015
Accounts payable - trade	₱4,876,900	₱11,594,480
Accrued expenses	4,866,227	10,606,434
Customers' deposits	51,037,088	79,424,535
Accrued contractors' payables	40,003,016	41,440,654
Retention payables (Note 23)	7,278,248	7,865,391
Government payables	6,143,980	1,484,008
	₱114,205,459	₱152,415,502



- a. Accounts payable includes billings of various suppliers and contractors for liabilities incurred in relation to the project and office administrative functions. Accounts payable are noninterest-bearing with payment terms which are dependent on the suppliers' or contractors' credit terms, which is generally 30 to 60 days.
- b. 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.
- c. Retention payables represent the amount retained by the Group as security for any defects and damages on the construction of Anala arising from or due to faulty workmanship and/or defective contractor-supplied materials before the final acceptance of the Anala and the payment of the last billing. Retention payable is expected to be settled within the next financial year.
- d. 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 have an average term of 15 to 30 days.

12. General and Administrative Expenses

	2016	2015	2014
Personnel costs	₱12,927,854	₱13,216,495	₱13,931,841
Taxes and licenses	8,702,618	6,176,227	2,565,237
Travel and transportation	8,333,946	7,152,471	3,076,630
Professional fees	4,102,886	3,816,688	4,491,352
Rent and utilities (Note 23)	3,992,098	5,519,119	2,643,165
Property management expense	3,446,488	4,482,147	1,499,330
Research and development expenses	2,894,414	4,033,140	1,572,846
Outside services	2,688,842	6,059,891	10,319,352
Depreciation and amortization (Note 9)	2,604,688	2,075,998	2,021,379
Telecommunications and postage	1,133,431	981,633	1,068,903
Supplies	849,018	770,206	809,692
Dues and subscription	825,475	1,118,053	617,913
Insurance	709,652	352,723	366,180
Entertainment and representation	746,425	252,580	262,376
Repairs and maintenance	669,447	462,000	258,183
Trainings and seminars	298,897	211,871	288,128
Provision for impairment loss on AFS financial assets (Note 8)	—	7,835,749	4,129,214
Interest expense	—	425,284	1,281,906
Others	1,444,759	2,000,288	1,163,786
	₱56,370,938	₱66,942,563	₱52,367,413

Others include bank charges and other miscellaneous costs.



Personnel costs consist of:

	2016	2015	2014
Salaries and wages	₱11,353,107	₱11,278,801	₱10,077,846
Short term employee benefits	1,337,596	1,430,630	3,374,100
Retirement benefits cost (Note 15)	561,193	507,064	479,895
	₱12,927,854	₱13,216,495	₱13,931,841

13. Sales and Marketing Expenses

	2016	2015	2014
Commissions and incentives	₱4,830,254	₱18,073,326	₱21,086,201
Product presentation	4,350,491	910,093	11,024,446
Consultancy fees	2,958,462	6,599,886	9,804,887
Advertising	861,542	1,077,541	497,595
Rent and utilities (Note 23)	833,708	1,615,338	2,098,364
Telecommunications and postage	243,899	70,261	394,930
Travel and transportation	146,761	335,621	224,532
Depreciation and amortization (Note 9)	80,587	268,877	660,313
Others	35,189	14,594	274,859
	₱14,340,893	₱28,973,782	₱46,074,196

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

14. Other Income

	2016	2015	2014
Forfeited buyer deposits	₱19,163,258	₱7,911,436	₱4,875,962
Gain on repossession	15,398,166	5,428,035	—
Penalty income and late payment charges	602,679	2,045,693	1,389,585
Others	5,705,123	712,900	133,837
	₱40,869,226	₱16,098,064	₱6,399,384

- 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.
- Gain on repossession represents the difference between the fair value of the repossessed inventories and the carrying value of the ICR and any amount refundable to the buyer at the date of repossession.
- Penalty are additional fees imposed on customers due to their failure to make payments on time.
- Others pertain to the reversal of long outstanding payables in 2016 amounting to ₱3.5 million as the Group assessed that these will no longer be collected by the suppliers.



15. 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, 2016.

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

	2016	2015	2014
Current service cost	₱382,704	₱316,836	₱330,927
Interest cost	178,489	190,228	148,968
	₱561,193	₱507,064	₱479,895

Amounts recognized in other comprehensive income pertaining to actuarial gain amounted to ₱195,764, ₱78,566 and ₱12,939, in 2016, 2015 and 2014, respectively.

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

	2016	2015
Beginning	₱3,757,551	₱3,428,292
Current service cost	382,704	316,836
Interest cost	178,489	190,228
Actuarial gain due to:		
Experience adjustments	(58,447)	(60,168)
Change in assumptions	(38,078)	(117,637)
Ending	₱4,222,219	₱3,757,551

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

	2016	2015
Discount rate	3.60%-5.34%	4.71%-5.03%
Future salary increase	3.00%-10.00%	3.00%-10.00%

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, 2016:

	Increase (decrease) in basis points	Effect on retirement benefit obligation
Discount rate	100	(₱638,501)
	(100)	813,235
Future salary increase rate	100	831,235
	(100)	(641,567)



December 31, 2015:

	Increase (decrease) in basis points	Effect on defined benefit obligation
Discount rate	100	(₱200,154)
	(100)	232,723
Future salary increase rate	100	204,262
	(100)	(178,109)

The estimated weighted average duration of benefit payment is 18 years as of December 31, 2016 and 2015.

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

	2016	2015
Less than one year	₱2,293,732	₱2,095,238
More than one year to 10 years	1,789,573	1,765,447
More than 10 years to 30 years	11,589,990	11,674,182

16. Income Taxes

- The Parent Company has no provision for current income tax in 2016, 2015, and 2014. The Subsidiary's current provision for income tax represents MCIT in 2016, 2015 and 2014.
- The reconciliation of provision for (benefit from) income tax computed at the statutory income tax rate to provision for income tax shown in the consolidated statements of comprehensive income follows:

	2016	2015	2014
Provision for (benefit from) income tax computed at statutory tax rate	₱8,141,398	(₱6,029,008)	(₱10,599,244)
Additions to (reductions in) income tax resulting from:			
Nondeductible expenses	3,580,515	3,219,028	4,081,250
Nontaxable income	(103,161)	(82,005)	(6,031,541)
Interest income subjected to final tax	(1,314,158)	(730,889)	(164,466)
Movements in deductible temporary differences, NOLCO and excess MCIT over RCIT for which no deferred income tax assets were recognized	(8,931,466)	4,836,714	15,570,044
Provision for income tax	₱1,373,128	₱1,213,840	₱2,856,043



- c. The components of the Group net deferred tax asset (liabilities) are as follows:

	2016	2015
Deferred income tax asset on NOLCO	₱11,199,511	₱3,858,800
Deferred income tax liabilities on:		
Difference between tax and book basis of accounting for real estate transactions	(6,395,370)	(3,772,568)
Gain on repossession	(4,619,450)	
Unrealized foreign exchange gain	(184,691)	(86,232)
Actuarial gain on defined benefit plan	–	(99,239)
	₱–	(₱99,239)

- d. The Group's deductible temporary differences, carryforward benefits of NOLCO and excess MCIT over RCIT for which no deferred income tax assets were recognized consists of the following:

	2016	2015
NOLCO	₱55,653,959	₱107,559,034
Accrued expenses	4,453,774	7,220,021
Retirement benefit obligation	4,222,219	3,757,551
Excess MCIT over RCIT	2,959,109	1,585,981

- e. Unused NOLCO and excess MCIT over RCIT that can be claimed as deduction against future taxable income and RCIT due, respectively, follows:

NOLCO

Year Incurred	Balance as of December 31, 2015	Addition (Applied)	Expired	Balance as of December 31, 2016	Tax effect	Available Until
2013	₱38,184,929	(₱18,423,452)	(₱19,761,477)	₱–	₱–	2016
2014	59,267,361	–	–	59,267,361	17,780,208	2017
2015	22,969,411	–	–	22,969,411	6,890,823	2018
2016	–	10,748,890	–	10,748,890	3,224,667	2019
	₱120,421,701	₱7,674,562	(₱19,761,477)	₱92,985,662	₱27,895,698	

Excess MCIT over RCIT

Year Incurred	Balance as of December 31, 2015	Addition	Balance as of December 31, 2016	Tax effect	Available Until
2014	₱372,141	–	₱372,141	₱372,141	2017
2015	1,213,840	–	1,213,840	1,213,840	2018
2016	–	1,373,128	1,373,128	1,373,128	2019
	₱1,585,981	₱1,373,128	₱2,959,109	₱2,959,109	



17. 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.

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

	Amount/volume		Outstanding balance		Terms	Conditions
	2016	2015	2016	2015		
South China Petroleum International (SCPI)						
Due from related party	¥12,584	¥16,052	¥179,036	¥166,452	Due and demandable	Unsecured; No impairment
Total	¥12,584	¥16,052	¥179,036	¥166,452		

- 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.
- Salaries and short-term employee benefits of key management personnel amounted to ¥4.2 million, ¥4.3 million and ¥4.4 million in 2016, 2015 and 2014, respectively.



18. Equity

a. Common Stock

The Parent Company's authorized, issued and outstanding common shares are as follows:

	December 31, 2016		December 31, 2015	
	No. of Shares	Amount	No. of Shares	Amount
Authorized - ₱1 par value	1,000,000,000	₱1,000,000,000	1,000,000,000	₱1,000,000,000
Issued	600,559,569	600,559,569	600,559,569	600,559,569
Subscribed	306,000,000	306,000,000	306,000,000	306,000,000
Treasury	4,639,000	(4,961,650)	4,639,000	(4,961,650)
Total issued and outstanding		₱901,597,919		₱901,597,919

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.

In 2015, 70,000 shares subscribed shares were fully paid and issued. Collection from such shares in 2015 amounted to ₱52,500.

b. Retained Earnings

On April 7, 2010, the BOD approved a resolution earmarking ₱500.0 million of the retained earnings for purposes of funding its investments in SOC Land related to the Anuva Residences and Diwalwal Mine Reserve projects. On December 21, 2011, the BOD approved a resolution for the reversal of the 2010 appropriation of retained earnings and further earmarking ₱500.0 million in 2011 for purposes of funding its investments related to the Anuva Residences and other investment projects.

On December 8, 2016, the BOD approved a resolution for the reversal of the 2011 appropriation of retained earnings and further 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 Project and the Parent Company's agricultural projects, respectively. The construction of the second tandem building of Anuva project, "Azalea" is expected to be completed on the 4th quarter of 2018.

c. Treasury Stock

On December 21, 2011, the Parent Company formalized its share repurchase program. Under the terms and conditions of the share repurchase program, 100,000,000 shares shall be repurchased from the market covering a period of twenty-four (24) months starting December 22, 2011. The total budget allocated for the share repurchase program is ₱120.0 million. The program ended last December 22, 2013 purchasing a total of 4,639,000 shares for ₱4.9 million.



19. Basic/Diluted Loss Per Share

	2016	2015	2014
Net income (loss)	₱25,764,860	(₱21,310,532)	(₱38,186,857)
Weighted average number of shares	906,559,569	905,645,387	905,575,387
Basic/Diluted Loss per Share	(₱0.0284)	(₱0.0235)	(₱0.0422)

There are no dilutive potential common shares outstanding as of December 31, 2016, 2015 and 2014.

20. Financial Instruments

Financial Risk Management Objectives and Policies

The Group has various financial assets and liabilities such as cash and cash equivalents, receivables, due from related parties, refundable deposits, AFS financial assets. 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 and they are summarized below.

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its counterparties to fulfill their obligations on maturity dates or due to adverse market conditions.

The Group is exposed to credit risk primarily because of its investing and operating activities. The Group is exposed to credit risk arising from the counterparties to its financial assets.

Credit Risk Management

In managing credit risk on these investments, capital preservation is paramount. The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all counterparties who wish to trade on credit terms are subject to credit verification procedures. For investment in bonds, funds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield and capital appreciation. Investment in equities securities represent investments in companies with good dividend track record, as well as capital appreciation. The investment portfolio mix between debt and equity is reviewed by management.

With respect to credit risk arising from the other financial assets of the Group, which comprise of cash and cash equivalents, receivables, due from related parties and refundable deposits, management monitors these financial assets on an ongoing basis with the result that the Group's exposure to impairment losses is not significant.



Credit Risk Exposures

The maximum exposure to credit risk for financial assets, which is composed of cash and cash equivalents, receivables, due from related parties, AFS financial assets and refundable deposits, is equivalent to the carrying amount of these financial assets as carried in the consolidated statement of financial position. The maximum exposure to credit risk for due from related parties is equivalent to the carrying amount of these financial assets as carried in the consolidated statement of financial position, which is secured by collateral.

Credit Risk Concentration Profile

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

Credit Quality of Financial Assets

The credit quality of financial assets is managed by the Group using high quality and standard quality as internal credit ratings.

The tables below show the credit quality by class of financial asset based on the Group's rating system:

December 31, 2016

	Neither Past Due Nor Impaired		Past Due But Not Impaired	Total
	High Grade	Standard Grade		
Loans and receivables:				
Cash and cash equivalents*	₱357,068,154	₱—	₱—	₱357,068,154
Receivables	29,500	116,819,863	37,635,331	154,484,694
Due from related parties	—	179,036	—	179,036
Refundable deposits	2,687,786	—	—	2,687,786
AFS financial assets:				
Shares of stock	20,200,708	—	—	20,200,708
Golf club shares	20,660,000	—	—	20,660,000
	₱400,646,148	₱116,998,899	₱37,635,331	₱555,280,378

*Excluding cash on hand.

December 31, 2015

	Neither Past Due Nor Impaired		Past Due But Not Impaired	Total
	High Grade	Standard Grade		
Loans and receivables:				
Cash and cash equivalents*	₱297,990,492	₱—	₱—	₱297,990,492
Receivables	2,187,165	178,078,528	22,205,040	202,470,733
Due from related parties	—	166,452	—	166,452
Refundable deposits	2,680,226	—	—	2,680,226
AFS financial assets:				
Shares of stock	15,645,902	—	—	15,645,902
Golf club shares	17,100,000	—	—	17,100,000
	₱335,603,785	₱178,244,980	₱22,205,040	₱536,053,805

*Excluding cash on hand.



A high grade financial asset pertains to a counterparty that is not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions, companies and government agencies. Standard grade financial assets pertain to other financial assets not belonging to high quality financial assets. Past due but not impaired financial assets are items with history of frequent default. Nevertheless, the amount due are still collectible.

The aging analysis of financial assets that are past due but not impaired as of December 31 follows:

	2016	2015
Less than 30 days	₱4,056,093	₱1,155,957
31-60 days	240,791	350,000
61-90 days	86,840	–
More than 90 days	33,251,607	20,699,083
	₱37,635,331	₱22,205,040

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

December 31, 2016

	Total	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	₱357,158,066	₱357,158,066	₱–	₱–	₱–
Receivables	154,484,694	37,635,331	33,439,684	4,560,817	78,848,862
Due from related parties	179,036	179,036	–	–	–
Refundable deposits	2,687,786	2,687,786	–	–	–
AFS financial assets:					
Shares of stock	20,200,708	–	–	–	20,200,708
Golf club shares	20,660,000	–	–	–	20,660,000
	555,370,290	397,660,219	33,439,684	4,560,817	119,709,570
Financial Liability					
Other financial liability:					
Accounts payable and other liabilities**	57,024,391	9,277,895	47,746,496	–	–
Liquidity position (gap)	₱498,345,899	₱388,382,324	(₱14,306,812)	₱4,560,817	₱119,709,570

**Excluding government payables and customers' deposits



December 31, 2015

	Total	On Demand	Less than 3 Months	3 to 6 Months	More than 1 year
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	₱297,990,442	₱297,990,442	₱—	₱—	₱—
Receivables	202,470,733	57,786,044	119,480,706	—	25,203,983
Due from related parties	166,452	—	—	166,452	—
Refundable deposits	3,430,359	2,879,121	551,238	—	—
AFS financial assets:					
Shares of stock	15,645,902	—	—	—	15,645,902
Golf club shares	17,100,000	—	—	—	17,100,000
	536,803,888	358,655,607	120,031,944	166,452	57,949,885
Financial Liability					
Other financial liability:					
Accounts payable and other liabilities**	71,506,959	20,504,801	51,002,158	—	—
Liquidity position (gap)	₱465,296,929	₱338,150,806	₱69,029,786	₱166,452	₱57,949,885

**Excluding government payables and customers' deposits

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. The equity price risk exposure arises from the Group's AFS financial assets in equity securities. The Group measures the sensitivity of its domestic AFS financial assets by using stock market index fluctuations and its effect to respective share prices.

The Group measures the sensitivity of its domestic AFS financial assets by using stock market index fluctuations and its effect to respective share prices.

In 2016 and 2015, changes in fair value of equity instruments held as AFS financial assets due to a reasonably possible change in equity interest, with all other variables held constant, will increase other comprehensive income by ₱4.1 million and ₱3.3 million, respectively, if equity prices will increase by 10%. An equal change in the opposite direction would have decreased equity by the same amount.

Foreign Currency Risk

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

The Group recognized foreign exchange gain (loss) of ₱0.3 million, ₱0.3 million, and (₱5.8 million) for the years ended December 31, 2016 and 2015. The exchange rate of Peso to US\$ as of December 31, 2016 and 2015 used in translating the US\$-denominated financial instruments is ₱49.72 and ₱47.06, 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:

2016		2015	
Movement in US\$ rates	Effect on net income	Movement in US\$ rates	Effect on net loss
+4%	(P245,547)	+5%	P289,835
-4%	245,547	-5%	(289,835)

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, Receivables, Due from Related Party, Refundable Deposits and Accounts Payable and Other Liabilities

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

AFS financial assets

Fair value of AFS financial assets is based on the quoted market bid prices at the close of business as of the reporting date.

Fair Value Hierarchy

The table below summarizes the fair value hierarchy of Group's financial assets.

December 31, 2016

	Level 1	Level 2	Level 3	Total
AFS financial assets:				
Shares of stock	P20,200,708	P—	P—	P20,200,708
Golf club shares	20,660,000	—	—	20,660,000
	P40,860,708	P—	P—	P40,860,708

December 31, 2015

	Level 1	Level 2	Level 3	Total
AFS financial assets:				
Shares of stock	P15,645,902	P—	P—	P15,645,902
Golf club shares	17,100,000	—	—	17,100,000
	P32,745,902	P—	P—	P32,745,902

As of December 31, 2016 and 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and there were no transfers into and out of Level 3 fair value measurements.

Capital Management

The primary objective of the 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 2016 and 2015.

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

	2016	2015
Common stock	₱600,559,569	₱600,559,569
Subscribed common stock - net	76,500,000	76,500,000
Additional paid-in capital	72,272,140	72,272,140
Retained earnings	888,071,111	862,306,250
Treasury stock	(4,961,650)	(4,961,650)
	₱1,632,441,170	₱1,606,676,309

21. Segment Information

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

- The real estate development segment, which is engaged in the real estate business.
- Investment pertain to the activities of the Parent Company as a holding entity.

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

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

The following tables regarding business segments present assets and liabilities, revenue and profit information for each of the three years in the period ended December 31, 2016.

December 31, 2016

	Real Estate Development	Investment	Total	Eliminations	Consolidated
Segment results					
Income (loss) before income tax	₱39,875,829	(₱12,737,841)	₱27,137,988	₱-	₱27,137,988
Provision for income tax	1,373,128	-	1,333,128	-	1,333,128
Net income (loss)	₱38,502,701	(₱12,737,841)	₱25,764,860	₱-	₱25,764,860
Assets					
Segment assets	₱1,514,422,595	₱1,486,419,796	₱3,000,842,390	(₱1,235,877,150)	₱1,764,965,240
Investments	-	322,298,000	322,298,000	(322,298,000)	-
	₱1,514,422,595	₱1,808,717,796	₱3,323,140,390	(₱1,558,175,150)	₱1,764,965,240
Other segment information					
Segment liabilities	₱1,350,217,365	₱4,087,463	₱1,354,304,828	(₱1,235,877,150)	₱118,427,678
Depreciation and amortization	₱2,664,760	₱20,515	₱2,685,275	₱-	₱2,685,275



December 31, 2015

	Real Estate Development	Investment	Total	Eliminations	Consolidated
Segment results					
Income (loss) before income tax	₱273,527	(₱20,370,219)	(₱20,096,692)	₱—	(₱20,096,692)
Provision for income tax	1,213,840	—	1,213,840	—	1,213,840
Net loss	(₱940,313)	(₱20,370,219)	(₱21,310,532)	₱—	(₱21,310,532)
Assets					
Segment assets	₱1,512,541,637	₱1,490,719,084	₱3,003,260,721	(₱1,234,526,298)	₱1,768,734,423
Investments	—	322,298,000	322,298,000	(322,298,000)	—
	₱1,512,541,637	₱1,813,017,084	₱3,325,558,721	(₱1,556,824,298)	₱1,768,734,423
Other segment information					
Segment liabilities	₱1,386,928,338	₱3,870,252	₱1,390,798,590	(₱1,234,526,298)	₱156,272,292
Depreciation and amortization	₱2,331,976	₱12,899	₱2,344,875	₱—	₱2,344,875

December 31, 2014

	Real Estate Development	Investment	Total	Eliminations	Consolidated
Segment results					
Income (loss) before income tax	(₱52,498,670)	₱17,167,855	(₱35,330,815)	₱—	(₱35,330,815)
Provision for income tax	372,141	2,483,902	2,856,043	—	2,856,043
Net income (loss)	(₱52,870,811)	₱14,683,953	(₱38,186,858)	₱—	(₱38,186,858)
Assets					
Segment assets	₱1,659,013,832	₱1,511,219,814	₱3,170,233,646	(₱1,210,752,029)	₱1,959,481,617
Investments	—	322,298,000	322,298,000	(322,298,000)	—
	₱1,659,013,832	₱1,833,517,814	₱3,492,531,646	(₱1,533,050,029)	₱1,959,481,617
Other segment information					
Segment liabilities	₱1,532,307,228	₱8,552,903	₱1,540,860,131	(₱1,210,752,029)	₱330,108,102
Depreciation and amortization	₱2,648,540	₱33,152	₱2,681,692	₱—	₱2,681,692

22. Registration with the BOI

As disclosed in Note 1, SOC Land's current project is the Anuva Residences. The Project has been divided into two development phases with Phase 1 comprising of Tandem Buildings 1 and 2 and Phase 2 comprising of the other two buildings.

On September 2, 2011, Phase 1 project was duly registered with the 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 is entitled to an 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, 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 August 14, 2014, the Subsidiary has opted to surrender the original copy of the Certificate of Registration no. 2011-193 issued to the Subsidiary as New Developer of Low-Cost Mass Housing Project which will cancel the Subsidiary's entitlement to an ITH for three years.



23. 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 and Althea Project. These contracts pertain to construction management, general construction works, exterior wall construction works, land development works, mechanical works and electrical and auxiliary works. 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, the anticipated turnover date of Anala. The contracts relating to the Althea Project ranges from 120 to 180 days.

These agreements require down payment of 15% 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 ₱7.3 million and ₱7.9 million as of December 31, 2016 and 2015, respectively (see Note 11). These are expected to be settled in 2017.

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. In line with the contract, the Parent Company paid a security deposit amounting ₱79,632, which is classified under “Prepayments and other current assets” (see Note 6). Minimum lease payments within a year under this contract is ₱0.2 million.
- b. On January 1, 2016, the Subsidiary entered into a lease contract with E. Zobel, Inc. for the lease of office space at 2/F Enzo Building, 399 Sen. Gil Puyat Avenue, Makati City. The contract is for the period January 1, 2016 to December 31, 2016. The lease agreement is renewable on a yearly basis. The Subsidiary renewed the lease for another year.

The Group 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 ₱2.3 million.

The Group also entered into a lease contract with a third party contractor to provide service vehicle to Company officers. The contract is renewable every six months. Minimum lease payments within one year amounted to ₱0.7 million.

The related rent expense recognized by the Group amounted to ₱2.5 million, ₱3.4 million and ₱2.8 million in 2016, 2015 and 2014, respectively (see Notes 12 and 13).



SOCResources, Inc. and Subsidiary

Schedule 3: Other long term investments and other Investments

Available for Sale Financial Assets

As of December 31, 2016

In Philippine Peso unless stated

Name of Issuing Entity & Description of Investment	Number of Shares or Principal Amount of Bonds & Notes	Value Based on Market Quotations at the end of Reporting Period	Dividends, Interest Received from Investments not accounted for by the equity Method
Investment in Shares of Stocks			
<i>Listed - Domestic</i>			
Aboitiz Equity Ventures, Inc.	7,800	552,240	8,268
Lepanto Consolidated Mining Company "A"	2,078,000	407,288	
Manila Mining Corporation "A"	26,480,000	291,280	
Manila Water Company, Inc.	265,000	7,658,500	220,851
Petron	1,147,500	11,291,400	114,750
		20,200,708	343,869
<i>Not Listed - Domestic</i>			
Wackwack Golf & Country Club	1	20,500,000	
Southwest Resources, Inc.		3,333,500	
Mt. Malarayat Golf & Country Club	1	160,000	
		23,993,500	
Allowance for Impairment on AFS - Unlisted		(3,363,500)	
		20,630,000	
TOTAL AVAILABLE FOR SALE FINANCIAL ASSETS		40,830,708	

SOCResources, Inc. and Subsidiary

Schedule 4: Aging of Consolidated Accounts Receivable

As of December 31,2016

Accounts Receivable	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	3-5 Years	5 Years - Above	
1 Installment Contract Receivable	116,819,864	116,222,167	499,160	98,538	-	-	-	-	
2 Advances to Suppliers & Contractors	6,201,177	524,624	-	159,576	439,565	5,077,413	-	-	
3 Officers and employees	19,258,164	190,073	10,886	49,723	15,007,482	-	-	4,000,000	
4 Dividends	80,114	8,268	-	-	-	71,846	-	-	
5 SSS	-	-	-	-	-	-	-	-	
6 Unit Owners	8,733,370	8,733,370	-	-	-	-	-	-	
7 Due from Anuva Condo Corp.	2,124,797	2,124,797	-	-	-	-	-	-	
8 Others	1,446,243	653,363	242,973	1,980	307,245	93,494	40,426	106,762	
Subtotal	154,663,730	128,456,662	753,018	309,817	15,754,292	5,242,753	40,426	4,106,762	
Less: Allow. For Impairment losses on receivables	-	-	-	-	-	-	-	-	-
A/R - net	154,663,730	128,456,662	753,018	309,817	15,754,292	5,242,753	40,426	4,106,762	NONE
Net Receivables	154,663,730	128,456,662	753,018	309,817	15,754,292	5,242,753	40,426	-	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
		monthly payment of interest & quarterly payment of principal
1) Amount owed by a related party	Receivable from third party IPI Industries, Inc. (Principal & Interest)	
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 Subsidiary

Schedule 5: Amounts Receivable from Related Parties which are eliminated during the consolidation of Financial Statements
As of December 31, 2016

		Beginning Balance	Additions	Ending Balance
		December 31,2015		December 31,2016
SOC Land Development, Corp.		1,234,526,298	1,350,851	1,235,877,150

SOCRESOURCES, INC. AND SUBSIDIARY

Schedule 7: Key Performance Indicator

	KEY FINANCIAL RATIOS	December 31, 2016	December 31, 2015
I.	Current/Liquidity Ratios	13.87 x	10.77 x
II.	Solvency Ratio	24.91%	-12.14%
III.	Debt-to-equity ratio (in x)	0.0694 x	0.0969 x
IV.	Asset to Equity Ratio	1.0719 x	1.0969 x
V.	Interest Rate Coverage Ratio	N/A	N/A
VI.	Profitability Ratio		
	Return on Equity (ROE)	1.56%	-1.32%
	Return on Assets (ROA)	1.46%	-1.20%
VII.	Other Relevant Ratios		
	Revenue Growth/ (Decline)	-22.18%	65.90%
	Net Income Growth/ (Decline)	220.90%	44.19%
	EBITDA	Php 28,450,135	(18,965,657)

SOCResources, Inc. and Subsidiary

Schedule 8: Map of the Relationships of the Companies within the Group

As of December 31, 2016 and December 31, 2015

