

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:

31 May 2019 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: **09 May 2019**

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?

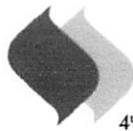
Yes: ☒ No: ☐

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 2019 Annual Meeting of the stockholders of SOCResources, Inc. shall be held on 31 May 2019 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 02 May 2019 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 22 May 2019. Said proxies shall be validated on 23 May 2019 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.


MACILYN T. LOJA
Corporate Secretary



SOCResources, Inc.

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

AGENDA DETAILS AND RATIONALE

1. **Proof of notice and quorum.** The corporate secretary, Atty. Magilyn T. Loja will certify that copies of this notice were sent to stockholders as of record date, 02 May 2019 and will certify the number of attendees, whether in person or by proxy, for the purpose of determining the existence of quorum to validly transact business.

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

“**RESOLVED**, that the minutes of the meeting of the Stockholders Annual Meeting held on 25 May 2018, be, as they are hereby, **APPROVED**.”

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

“**RESOLVED**, that the report of Management on the operations of the Corporation for fiscal year ended 31 December 2018, as well as the Audited Financial Statements for the same period be, as they are hereby, approved.”

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

“**RESOLVED**, that all acts of, and all transactions entered into by, the Board of Directors and Officers of the Corporation on the latter's behalf during the fiscal year ending 31 December 2018 and to date, be, as they are hereby, ratified and approved.”

5. **Election of Directors.** Details on the candidates to the Board of Directors are provided here in the information statement. Please refer to Item 5 of this report. 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.

6. **Appointment of Auditors.** Upon the recommendation of the Audit Committee, the Board approved the reappointment of Sycip Gorres & Velayo (SGV) as the company's external auditor for the year 2019. The SGV's appointment is submitted for approval to the stockholders. Below is the text of the proposed resolution:

“**RESOLVED**, that the accounting firm of Sycip Gorres Velayo & Co. be, as it is hereby, re-appointed as the Corporation's external auditors for the calendar year 2019 with Mr. Kristopher S. Catalan as the Engagement Partner.”

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

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



SOCResources, Inc.

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

PROXY

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

A. GENERAL INFORMATION

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

The annual stockholders' meeting shall be held on Friday, 31 May 2019 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 09, 2019 (Thursday) 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

A stockholder may exercise the right of appraisal (i.e. the right to dissent and demand payment of the fair value of his shares) in the instances provided under the Corporation Code of the Philippines, as follows: 1) in case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; 2) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; 3) in case of merger or consolidation; and 4) investment of corporate funds in another corporation or business. (Sections 81 and 42 of the Corporation Code) SOCRessources, Inc. (SOCResources) adopts the procedure laid down in Section 82, Title X, of the Corporation Code for a valid exercise of appraisal right.

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

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 22, 2019. Total foreign equity ownership is 8,243,671 common shares representing 0.91% 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) Security Ownership of Certain Record and Beneficial Owners and Management
As of April 22, 2019 (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	161,074,829	17.86%

There are no beneficial owners of more than 5% under the PCD Nominee Corporation (Filipino), which owns 17.86% of the total shares of the Company.

(2) Security Ownership of Management Directors as of April 22, 2019:

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

WILFRIDO P. REYES, 72 years of age, Filipino, has been the PRESIDENT of the Company since 1992. CHAIRMAN/PRESIDENT of Astranniquin Corp.; EXECUTIVE VICE PRESIDENT/DIRECTOR of Gonzalo Puyat & Sons

Inc.; EVP/GENERAL MANAGER of Philippine Flour Mills; SENIOR EXECUTIVE VICE PRESIDENT/DIRECTOR of Puyat Steel Corporation; TREASURER/DIRECTOR of Surigao Development Corp.; SECRETARY/DIRECTOR of Surigao Marine Products, Inc. PRESIDENT of Proleo Realty Inc., and TREASURER/DIRECTOR of International Pipe Industries Corp. for the past five (5) years. Mr. Reyes is the brother of Mr. Edgardo P. Reyes and Ms. Belen R. Castro.

BELEN R. CASTRO, 71 years of age, Filipino, has been the VICE PRESIDENT, TREASURER & DIRECTOR of the Company since 1992 up to the present and DIRECTOR & ASST. TREASURER of Gonzalo Puyat & Sons, Inc. for the past five(5) years. She is the sister of Mr. Edgardo P. Reyes and Mr. Wilfrido P. Reyes.

MANUEL G. ARTEFICIO, 74 years of age, Filipino, has been an INDEPENDENT DIRECTOR of the Company since 2007. He has been PRESIDENT of San Manuel Mining Corp. from 1990 to 2016; Assissi Mining Corp., Bonaventures Mining Corp. and Ignatius Mining Corp., all three from 1994 to present.

FRANCISCO M. BAYOT, JR., 65 years of age, Filipino, has been an INDEPENDENT DIRECTOR of the Company since 2008.; He is the DIRECTOR of Alabang Commercial Corp. since 1990; PRESIDENT/DIRECTOR of Josue Corp since 1990; PRESIDENT/DIRECTOR of JM Investment Corp. since 1990; PRESIDENT/DIRECTOR of Madrigal Condominium Corp. I & Madrigal Condominium Corp. II since 1992; PRESIDENT/DIRECTOR of Susana Realty, Inc., Septimo Realty, Inc., Porep Realty Inc., and Perop Realty, Inc. since 1993; PRESIDENT/DIRECTOR of Madrigal Business Park Association, Inc. since 1994; PRESIDENT/DIRECTOR of Madrigal-Bayot Dev. Corp. since 2008; PRESIDENT/DIRECTOR of Cebu Beacon Storage Corporation since 2015 and INDEPENDENT DIRECTOR of PGA Sompso Insurance Corp. since 2018.

MAGILYN T. LOJA., 50 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, 62 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., 59 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 25, 2018, 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 2018 – 2019.

The Nomination committee reported that the following individuals have been nominated for election on 2018 Annual Stockholders' Meeting as members of the Board of Directors for the ensuing year 2018-2019:

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

The stockholders at their annual meeting held on May 25, 2018, have re-elected the following Directors for the ensuing year 2018-2019:

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

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

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

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

Mr. Manuel G. Arteficio and Mr. Francisco M. Bayot, Jr. were elected Independent Directors during the 2018 Annual Stockholders' Meeting. The Nomination Committee reported Mr. Arteficio and Mr. Bayot as independent directors to be elected on the 2019 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.

Nominees for Election of Directors

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

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

The Nomination Committee reported that the following individuals have been nominated for election on 2019 Annual Stockholders' Meeting as members of the Board of Directors for the ensuing year 2019-2020:

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

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

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

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders because of a disagreement with the company on any matter relating to the its operations,

policies or practices. Furthermore, there is no director who has furnished the company with a letter describing such disagreement and requesting that the matter be disclosed.

(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 18 of 2018 Audited Consolidated Financial Statements for details on related party transaction.

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

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

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

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 the Corporation, for the amount of ₱4,872,182.45, allegedly representing local business taxes deficiencies, 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 the Corporation's Protest dated 21 December 2013.

This case proceeded to trial before the Regional Trial Court (RTC), Makati City, Branch 66 after mediation proceedings before the Philippine Mediation Center and Judicial Dispute Resolution (JDR) hearings failed.

Having submitted their formal offer of documentary evidence, the parties submitted their respective memoranda and the case was thereafter submitted for decision.

In a Decision dated 11 October 2017, the case was dismissed by the Regional Trial Court (RTC). The Corporation filed a Motion for Reconsideration dated 10 November 2017, which was denied by the RTC.

Thus, the Corporation filed a Petition for Review before the Court of Tax Appeals on 9 February 2018. After the parties submitted their respective pleadings in relation thereto, the case was submitted for decision on 7 June 2018.

2. South China Resources, 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 ("Billing Assessment") issued by the Business Permits Office of the City of Makati against the Corporation for the amount of ₱981,478.00, allegedly representing local business taxes and fees in connection with the Corporation's application for business permit renewal for 2015; and (b) respondent Treasurer's inaction on the Corporation's Letter Protest dated 25 February 2015.

In view of respondents' failure to file their answer within fifteen (15) days from service of the Summons on 17 August 2015, or until 1 September 2015, petitioner filed its "Motion to Declare Respondents in Default" dated 6 January 2016 (the "Motion"). Meanwhile, respondents filed their "Comment (to Plaintiff's Motion to Declare Respondents in Default)" dated 28 January 2016, stating that they failed to file their answer due to excusable negligence, consisting of heavy workload and manpower constraints in the Office of the City Attorney.

In its Order dated 21 March 2016, the court granted our Motion. Respondents filed their "Motion for Reconsideration (to Set Aside Order of Default and to Admit Attached Answer)" dated 6 May 2016. In its Order dated 30 June 2016, the court lifted the order of default against respondents and admitted their Answer.

The court-annexed mediation and JDR in this case were terminated by both parties. In view thereof, the court issued the Order dated 7 December 2016, referring this case to the Office of the Clerk of Court for re-raffle. The case was re-raffled to Regional Trial Court, Makati City, Branch 147.

Upon its re-raffle, trial ensued and the case was submitted for decision. The RTC dismissed the case together with Civil Case No. 14-165. SOCResources filed its Motion for Reconsideration on 10 November 2017, which was denied by the RTC on 12 January 2018.

Thus, the Corporation filed a Petition for Review dated 12 February 2018 before the Court of Tax Appeals (CTA), which was granted in the Decision of the CTA dated 17 October 2018. In said Decision, the CTA cancelled Billing Assessment and ordered the respondents to credit the Corporation's payment in the amount of Php981,478.90 to its future business tax and regulatory fee obligations, including the Corporation's regulatory fee as a holding company for taxable years 2014 and 2015. The respondents filed a Motion for Reconsideration dated 19 November 2018, which the Corporation opposed through the filing of an "Opposition with Motion to Expunge" dated 18 December 2018. The same is currently submitted for the CTA's resolution.

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 Manager				
Aggregate compensation –	2019	2,000,000(est.)	500,000(est.)	N/A
CEO & all other officers and	2018	1,960,646	469,140	N/A
Directors as a group unnamed	2017	1,917,145	461,880	N/A

There are no Directors' per diem paid for the year 2018. 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

SyCip Gorres Velayo & Co. ("SGV") has acted as the Corporation's external auditors since the company's incorporation in November 1992 and has not resigned, been dismissed or nor has its services ceased since its appointment. The engagement partner who conducted the audit for calendar year 2018 is Mr. Kristopher S. Catalan and was appointed starting from the audit period of 31 December 2015. In accordance with the five-year rotation requirement of external auditors pursuant to SRC Rule 68 (3)(b)(ix), there is still no need to change the audit partner assigned to the Corporation at this time. Similarly, the two-year cooling off period for the re-engagement of the same audit partner assigned to the Corporation pursuant to the same rule finds no application at this time.

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

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

Representatives of Sycip Gorres Velayo & Co. are expected to be present on the company's upcoming annual stockholders' meeting on May 31, 2019. 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 minutes of the Annual Stockholders' Meeting held last May 25, 2018 will be presented for approval by the stockholders. Such action on the part of the stockholders will not constitute approval or disapproval of the matters referred to in the said minutes since stockholder approval and action on those items were already obtained during the said meeting. These matters are listed below:

1. Minutes of the Annual Stockholders' Meeting held on May 26, 2017;
2. The Corporation's Annual Report which consists of the Chairman's Message and Management Report for the Preceding year;
3. The Corporation's audited consolidated financial statements for the years ended December 31, 2017 and 2016;
4. All acts and resolutions adopted by the board of directors and management from the 2017 Annual Stockholders' Meeting up to the date of the meeting;
5. Election of members of the board of directors for the period 2018-2019; and
6. Appointment of SGV as the Corporation's external auditors for 2018-2019

In addition to the approval of the minutes of the May 25, 2018 Annual Stockholders' Meeting, actions will be taken regarding the following matters:

1. Annual Report and Audited Consolidated Financial Statements for the years ended December 31,

- 2018 and 2017;
2. Ratification of all corporate acts and resolutions of the board of directors and management of the Corporation for the year 2018;
 3. The Corporation's Annual Report which consists of the Chairman's Message and Management Report for the year 2018; and
 4. Approval of the appointment of SyCip Gorres Velayo & Co. as the company's external auditors for 2019-2020.

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 2019 UNAUDITED FINANCIAL STATEMENTS

A COPY OF THE INTERIM UNAUDITED FINANCIAL STATEMENTS (IUFS) WITH MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE 1ST QUARTER OF 2019 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 24 April 2019

By:


MAGILYN T. LOJA
Corporate Secretary

MANAGEMENT REPORT

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

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

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

BUSINESS

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

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

SOC was incorporated and registered with the SEC on September 25, 1992 primarily to undertake oil and gas exploration, development and production and became one of the leading exploration companies upon its listing in 1994. Starting in 1995, SOC opted to strengthen its core business by diversifying 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.

SOC Land Development Corporation (SOC Land) is a wholly-owned subsidiary of the issuer with an authorized capital stock of One Hundred Sixty Million Pesos (PHP 160,000,000.00), a subscribed capital stock of Forty Million Pesos (PHP 40,000,000.00) and a paid-up capital of Ten Million Pesos (PHP 10,000,000.00). The subsidiary is the property development arm of the company that will develop a 2.4-hectare community, called Anuva Residences which is situated near Sucat Interchange. It will have four (4) tandem buildings. The total estimated cost of the Project is ₱4.0 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. Phase 2 of ALTHEA RESIDENCES is in the planning stage and is expected to be formally launched in 2019.

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

The Company entered into an agreement with the Palawan IP group Campong It Mapangarapan It Palawano (CAMPAL) of Rizal, Palawan to undertake agro-industrial development of their ancestral land. The National Commission for Indigenous Peoples (NCIP) handed over to the Company the Certificate of Pre-condition with FPIC (Free Prior Informed Consent) for the agreement last June 2016. The Company has completed project documentation with the LGUs (Local Government Units). SOC and CAMPAL conferred with the LGUs and the Palawan Council for Sustainable Development (PCSD) to secure the Strategic Environmental Plan (SEP) Clearance needed for the agro-industrial development. On March 8, 2018 the PCSD issued the SEP Clearance Certificate for the development of 3212 hectares of the IP area. The company is on the later stages of securing documentation for an ECC for the project after recently being given a Protected Area Management Board Endorsement.

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, 2018.

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

External Audit Fees and Services

In compliance with SEC Memo Circular No. 14 Series of 2004, External Audit Fees, year ended 2018 audit progress billing for SOCResources, Inc. and subsidiary, SOC Land Development amounted to P220,289 and ₱304,592 respectively. External Audit Fees, year ended 2017 audit for SOCResources, Inc. and subsidiary, SOC Land Development amounted to P388,080 and ₱511,280 respectively. No other services were provided and billed for by the external auditors for the last two (2) fiscal years.

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

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

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

Item 3: RESULTS OF OPERATIONS & FINANCIAL POSITION

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

CONSOLIDATED RESULTS OF OPERATIONS**2018 VS 2017 (AUDITED)**

(in Philippine pesos)

ACCOUNTS	December 31, 2018	December 31, 2017	% CHANGE
REVENUES	164,398,236	83,850,699	96.06%
COST AND EXPENSES	151,311,532	106,670,361	41.85%
INCOME (LOSS) BEFORE INCOME TAX	13,086,704	(22,819,662)	157.35%
PROVISION FOR INCOME TAX	5,250,251	3,444,809	52.41%
NET INCOME/(LOSS)	7,836,453	(26,264,471)	129.84%
OTHER COMPREHENSIVE INCOME (LOSS)	8,180,637	701,277	1066.53%
TOTAL COMPREHENSIVE INCOME/(LOSS)	16,017,090	(25,563,194)	162.66%

2018 VS 2017: RESULTS OF OPERATIONS

Revenue for the year ended 2018 consists of: (1) recognized sale on real estate for SOC Land amounting to ₱137M;(2) Interest Income on time deposits, savings account and installment sales of real estate amounting to ₱17.5M;(3) Dividend Income from domestic shares of stocks amounting to ₱0.4M;(4) net foreign exchange gain amounting to ₱0.3M (5) other income amounting to ₱8.3M and (6) gain on redemption of UITF amounting to ₱0.09M. The increase in the total cost and expenses is attributable to the increase in the recognized cost of sales for real estate sales and the general and administrative expenses of the group. Other comprehensive income for the current year 2018 pertains to the increase in market value of equity holdings by the parent company and the consolidated actuarial gain.

CONSOLIDATED RESULTS OF OPERATIONS**2017 VS 2016 (AUDITED)**

(in Philippine pesos)

ACCOUNTS	December 31, 2017	December 31, 2016	% CHANGE
REVENUES	83,850,699	211,507,476	-60.36%
COST AND EXPENSES	106,670,361	184,369,488	-42.14%
INCOME (LOSS) BEFORE INCOME TAX	(22,819,662)	27,137,988	-184.09%
PROVISION FOR INCOME TAX (Current)	1,276,648	1,373,128	-7.03%
PROVISION FOR INCOME TAX (Deferred)	2,168,161		100.00%
NET INCOME/(LOSS)	(26,264,471)	25,764,860	-201.94%
NET GAINS(LOSSES) ON AFS FINANCIAL ASSETS	736,513	8,114,806	-90.92%
ACTUARIAL GAINS (LOSS)	(35,236)	195,764	-118.00%
TOTAL COMPREHENSIVE INCOME/(LOSS)	(25,563,194)	34,075,430	-175.02%

2017 VS 2016: RESULTS OF OPERATIONS

Revenue for the year ended 2017 consists of: (1) recognized sale on real estate for SOC Land amounting to ₱65M;(2) Interest Income on time deposits, savings account and installment sales of real estate amounting to ₱13M;(3) Dividend Income from domestic shares of stocks amounting to ₱0.3M;(4) net foreign exchange gain amounting to ₱0.2M and

(5) other income amounting to ₱5M. The decrease in the total cost and expenses is attributable to the decrease in the recognized cost of sales for real estate sales and the general and administrative expenses of the group.

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 FINANCIAL POSITION

2018 VS 2017 (AUDITED)

(in Philippine pesos)

ACCOUNTS	December 31, 2018	December 31, 2017	% CHANGE
CURRENT ASSETS	1,460,287,200	1,391,605,336	4.94%
NONCURRENT ASSETS	340,378,179	366,464,918	-7.12%
TOTAL ASSETS	1,800,665,379	1,758,070,254	2.42%
CURRENT LIABILITIES	148,422,424	128,277,782	15.70%
NONCURRENT LIABILITIES	15,251,498	8,818,104	72.96%
TOTAL LIABILITIES	163,673,922	137,095,886	19.39%
EQUITY	1,636,991,457	1,620,974,368	0.99%
TOTAL LIABILITIES AND EQUITY	1,800,665,379	1,758,070,254	2.42%

2018 VS 2017: FINANCIAL CONDITION

The net effect of the following has caused the 4.94% increase in the current assets of the group: (1) 5X increase in cash equivalents as against 2017 due to the investment of proceeds from sale of treasury bills to time deposit, interest income earned from investments and gain in redemption of UITF; (2) Receivable's decrease was brought about by reclassification of P26.74 million to contract assets; (3) Real estate for sale dropped by 2.38% or P25.96 million due to the decrease in the inventory of units sold; and (4) Increase in other current assets was due to the creditable taxes remitted on fully paid units and refundable deposits for office rental and (5) the decrease in Real estate inventories for

the year 2018 as against 2017 was due to the decrease in the development cost incurred and the repossessed inventory. The increase in the current liabilities was due to the increase in the customers' deposit for real estate sales. Increase in noncurrent liabilities refers to the recognized retirement liability for the year 2017 and the deferred tax liabilities. The 2.42% increase in the total assets of the group as of year ended 2018 was due to SOCLand's net income of P 13.52 million a 176% turnaround from last year's net loss of P17.89 million.

CONSOLIDATED FINANCIAL POSITION
2017 VS 2016 (AUDITED)
(in Philippine pesos)

ACCOUNTS	December 31, 2017	December 31, 2016	% CHANGE
CURRENT ASSETS	1,391,605,336	1,583,484,810	-12.12%
NONCURRENT ASSETS	366,464,918	181,480,430	101.93%
TOTAL ASSETS	1,758,070,254	1,764,965,240	-0.39%
CURRENT LIABILITIES	128,277,782	114,205,459	12.32%
NONCURRENT LIABILITIES	8,818,104	4,222,219	108.85%
TOTAL LIABILITIES	137,095,886	118,427,678	15.76%
EQUITY	1,620,974,368	1,646,537,562	-1.55%
TOTAL LIABILITIES AND EQUITY	1,758,070,254	1,764,965,240	-0.39%

2017 VS 2016: FINANCIAL CONDITION

The net effect of the following has caused the dropped of 12% in the current assets of the group: (1) 4% increase in cash and cash equivalents due to interest income earned from investment in treasury bills and gain in redemption of UITF;(2) Receivables decreased by 24% 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 increase by 1% due to the recognition of the cost of units sold; and (4) other current assets decreased due to the decrease in input vat recognized as current. (5) reclassification of P188M of real estate inventories from current asset to non-current asset category.

The increase in the current liabilities was due to the 42% increase in the customers' deposit for real estate sales.

Increase in noncurrent liabilities refers to the recognized retirement liability for the year 2017 and the deferred tax liabilities.

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.

KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the years ended December 31, 2018, 2017 and 2016 and the manner by which the Company calculates the foregoing indicators:

Key Financial Ratios	December 31, 2018	December 31, 2017	December 31, 2016
Revenue Growth			
(Total Revenues (current period) - Total Revenues (prior period))/Total Revenues (prior period)	96.06%	-60.36%	-22.18%
Net income Growth/(Decline)			
Net Income (after tax) (current period)- Net income (prior period, after tax)/Net income (prior period, after tax)	129.84%	-201.94%	220.90%
Solvency Ratio			
(After Tax Net Income+Depreciation)/Total Liabilities	6.51%	-17.39%	23.96%
EBITDA			
Income from operations plus depreciation and amortization	P 10,651,521	(P23,847,440)	P 28,369,548
Asset to Equity Ratio			
Total Assets/Total Equity	1.1000 x	1.0846 x	1.0719 x
Return on Equity (ROE)			
Net income/ Equity	0.48%	-1.62%	1.56%
Return on assets (ROA)			
Net income/ Total Assets	0.44%	-1.49%	1.46%
Current/Liquidity ratio			
Current Assets/ Current Liabilities	9.84 x	10.85 x	12.23 x
Debt to Equity Ratio			
Total Liabilities/ Equity	0.1000 x	0.0846 x	0.0719 x

2018 VS 2017

The 4.94% and 15.7% increase in current assets and current liabilities as of year ended 2018 has caused the current ratio to go down by 1.1 x as against year ended 2017.

There has been an outstanding 96.06% revenue growth as of year ending 2018 as against the negative 60.36% the prior year. The subsidiary posted a net income of P 13.52 million a 176% turnaround from last year's net loss of P17.89 million. Total sales recognized for the Anala and Althea is at P25.74 million and P111.92, respectively, for the year 2018.

A 6.51% solvency ratio for the group, 0.48% return on equity and 0.44% return on assets was due to the ₱7.8M net income as of year ended December 31, 2018.

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

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

2017 VS 2016

The 0.4% decrease in current assets coupled with the 12% increase in current liabilities for the year ended 2017 has caused the current ratio to go down by 1.38 x as against year ended 2016.

A slight increase on the asset to equity ratio was due to the decrease in the total assets of the group particularly receivables and a decrease also on the equity.

The group was able to maintain its high debt to equity ratio. Increase on total liabilities was mostly driven by the recognition of deferred tax liabilities pertaining to difference between tax and book basis of accounting for real estate transactions, gain on repossession, unrealized foreign exchange gain and fair value changes of AFS financial assets

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.

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. 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.

The Company entered into an agreement with the Palawan IP group Campong It Mapangarapan It Palawano (CAMPAL) of Rizal, Palawan to undertake agro-industrial development of their ancestral land. The National Commission for Indigenous Peoples (NCIP) handed over to the Company the Certificate of Pre-condition with FPIC (Free Prior Informed Consent) for the agreement last June 2016. The Company has completed project documentation with the LGUs (Local Government Units). SOC and CAMPAL conferred with the LGUs and the Palawan Council for Sustainable Development (PCSD) to secure the Strategic Environmental Plan (SEP) Clearance needed for the agro-industrial development. On March 8, 2018 the PCSD issued the SEP Clearance Certificate for the development of 3212 hectares of the IP area. The company is on the later stages of securing documentation for an ECC for the project after recently being given a Protected Area Management Board Endorsement.

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

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

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

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

The Company 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, 2018, 2017 and 2016 are summarized as follows:

ACCOUNTS	For the Period December 31			% CHANGE	
In Millions	2018	2017	2016	2018 vs 2017	2017 vs 2016
Statement of Financial Position					
Cash & Cash Equivalents	455.63	115.03	357.16	296.09%	-67.79%
Short-term investments	-	255.82	-	-100.00%	100.00%
Receivables	30.40	57.48	75.64	-47.11%	-24.01%
Contract Assets - current	26.74	-	-	100.00%	-100.00%
Real estate inventories	1,066.91	1,092.87	1,082.12	-2.38%	0.99%
Due from a related party	0.23	0.19	0.18	20.40%	7.03%
Prepayments & Other Current Assets	66.82	59.02	68.39	13.21%	-13.70%
Receivables - net of current portion	15.00	61.84	78.85	-75.74%	-21.57%
Equity investments at FVTOCI	52.29	-	-	100.00%	-100.00%
Available for Sale (AFS) financial assets	-	53.45	40.86	-100.00%	30.80%
Contract Assets - net of current portion	32.71	-	-	100.00%	-100.00%
Property & Equipment	35.98	34.87	34.68	3.19%	0.53%
Other noncurrent assets	17.95	27.50	27.09	-34.73%	1.51%
Accounts Payable & other Liabilities	50.58	128.28	114.21	-60.57%	12.32%
Contract liabilities	97.84	-	-	100.00%	-100.00%
Retirement benefit obligation	4.28	4.80	4.22	-10.72%	13.58%
Deferred Tax Liability	10.97	4.02	-	172.70%	100.00%
Retained Earnings - Unappropriated	124.75	116.81	143.07	6.80%	-18.36%
Statement of Comprehensive Income					
REVENUES					
Interest Income	17.66	12.90	13.20	36.91%	-2.26%
Real estate sales from contract with customers	137.58	64.93	156.77	111.88%	-58.58%
Dividend Income	0.41	0.35	0.3439	17.01%	1.80%
Other income	8.34	5.39	40.8692	54.72%	-86.82%
COST AND EXPENSES					
Cost of real estate sales	65.71	33.41	113.66	96.67%	-70.60%
Sales and marketing expenses	24.51	22.46	14.34	9.16%	56.58%
General and Administrative Expenses	61.08	50.80	56.37	20.24%	-9.88%
Provision for Income Tax	5.25	3.44	1.37	52.41%	150.87%

Discussion for 2018 VS 2017

Cash & Cash Equivalents

Collection of payments from the unit owners of Anala Building as well as reservation fees for the Althea, late payment penalties, forfeited payments, interest earned on in house financing, interest income from short term investments and time deposits and dividend income has caused the increase in cash. The increase in cash equivalent is due to the investment of proceeds from sale of treasury bills to time deposit.

Receivables

Receivable decreased by 59.45% brought about by reclassification of P26.74 million to contract assets.

Real Estate inventories

Real estate for sale dropped by 2.38% or P25.96 million due to the decreased in the inventory of units sold.

Prepayments & other Assets

Decrease is mainly due to the increase in input VAT and refundable deposits.

Available for Sale Financial Assets

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

Accounts Payable & Other Liabilities

Increase was due to increase in customers' deposits.

Retirement Benefit Obligation

The group recognized ₱0.65M benefit obligation for the retirement plan of the group under defined benefit plans for the year 2017. The group has unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. The benefits are based on years of service and compensation on the last years of employment. Normal retirement is the attainment of age 60 and completion of at least 5 years of service.

Other Income

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

Sales and Marketing Expense

44% of the total sales and marketing expense pertains to the commissions and incentives amounting to ₱10.9M, 33% pertains to consultancy fees amounting to ₱8.14M, 9.58% pertains to product presentation amounting to ₱2.35M and 7.62% makes up for the advertising expense amounting to 7.3M.

General and Administrative Expenses

The following expenses take the biggest share in the general and administrative expenses: Personnel Cost amounting to ₱17.15M (28%), Property Management Expense amounting to ₱15.06M (24.65%), Professional fees amounting to ₱4.84M (7.93%), Research and development cost amounting to ₱4.47M (7.32%), Travel and transportation amounting to ₱4.1M (6.73%) and Depreciation amounting to ₱2.82M (4.61%).

Discussion for 2017 VS 2016

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 increase of 4% in cash and cash equivalents. An amount of P252M was invested in treasury bills which has already earned an income of P3.3M for the year 2017.

Receivables

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

Real Estate inventories

An addition of P25.6M for development cost incurred and repossessed inventory amounting to P18.5M with a recognition of P33.4M in cost of real estates caused the slight increase in real estate inventories.

Prepayments & other Assets

Decrease is mainly due to the decrease in input VAT – current portion by P13.6M.

Available for Sale Financial Assets

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

Accounts Payable & Other Liabilities

Increase was due to increase in customers' deposits.

Retirement Benefit Obligation

The group recognized ₱0.54M benefit obligation for the retirement plan of the group under defined benefit plans for the year 2017. The group has unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. The benefits are based on years of service and compensation on the last years of employment. Normal retirement is the attainment of age 60 and completion of at least 5 years of service.

Other Income

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

Sales and Marketing Expense

37% of the total sales and marketing expense pertains to the commissions and incentives amounting to ₱8.4M, 20% pertains to product presentation amounting to ₱4.5M and 32% makes up for the consultancy fees amounting to 7.3M.

General and Administrative Expenses

The following expenses take the biggest share in the general and administrative expenses: Personnel Cost amounting to ₱14.3M (28%), Taxes and Licenses amounting to ₱4.8M (9%) and Travel and transportation amounting to ₱6.2M (12%).

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 domestic equity 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%).

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. ANALA the first tandem building of ANUVA RESIDENCES project has sold 482 of the 515 units as of March 2019 which corresponds to 90% of the total inventory. 380 units have been turned over to end users. Out of this, 329 units are occupied with more than 400 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. Azalea has sold 195 of its 618 units which correspond to 32% of the total inventory.

SOC Land's horizontal residential development project, ALTHEA RESIDENCES located at Biñan City Laguna has sold a total of 194 of 229 units, a combination of townhouses, lots and house & lots that correspond to 85% of the total inventory. Forty-six (46) units have already constructed, and forty-two (42) of this has been turned over to end users. Out of this, thirty (30) units are occupied and already residing in the subdivision. In addition, there are eleven (11) more units being constructed and the target completion will be from June to September 2019.

Other Energy, Mineral and Resource Based Opportunities

The Company entered into an agreement with the Palawan IP group Campong It Mapangarapan It Palawano (CAMPAL) of Rizal, Palawan to undertake agro-industrial development of their ancestral land. The National Commission for Indigenous Peoples (NCIP) handed over to the Company the Certificate of Pre-condition with FPIC (Free Prior Informed Consent) for the agreement last June 2016. The Company has completed project documentation with the LGUs (Local Government Units). SOC and CAMPAL conferred with the LGUs and the Palawan Council for Sustainable Development (PCSD) to secure the Strategic Environmental Plan (SEP) Clearance needed for the agro-industrial development. On March 8, 2018 the PCSD issued the SEP Clearance Certificate for the development of 3212 hectares of the IP area. The company is on the later stages of securing documentation for an ECC for the project after recently being given a Protected Area Management Board Endorsement.

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

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

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
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, 2019, the high, low and closing price is at ₱1.10, ₱1.00 and ₱1.05 respectively. As of the trading date April 23, 2019 the high, low and closing price is at ₱1.01, ₱0.98 and ₱0.98 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 (2018 and 2017).

Stock Prices

2018	High	Low
First Quarter	0.83	0.81
Second Quarter	0.78	0.78
Third Quarter	0.81	0.81
Fourth Quarter	0.74	0.74
2017	High	Low
First Quarter	0.86	0.86
Second Quarter	0.91	0.88
Third Quarter	0.92	0.92
Fourth Quarter	0.81	0.80

(2) Holders

The number of shareholders of record as of April 23, 2019 was 360. Common shares issued as of April 23, 2019 were 906,559,568. Total number of common shares outstanding as of April 22, 2019 were 901,920,568.

Top Twenty (20) Stockholders

As of April 23, 2019

	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)	161,074,829	17.8591%
5	CHUA, BENJAMIN UY	10,551,500	1.1699%
6	PCD NOMINEE CORP. (NON-FILIPINO)	7,809,671	0.8659%
7	R. COYIUTO SECURITIES, INC.	1,825,000	0.2023%
8	DE VILLA, LUISMI GALA	808,000	0.0896%
9	ESCALER, MICHAEL	630,000	0.0699%
10	PEREZ, MA. GEORGINA V.	610,000	0.0676%
11	MANGUIAT, REMEDIOS J.	580,000	0.0643%
12	MANDARIN SECURITIES CORP.	561,000	0.0622%
13	CRUZ, BENITO T. DELA	520,000	0.0577%
14	LAYOSA, EDNA L.	500,000	0.0554%
15	OSMENA, RAMON	500,000	0.0554%
16	CHUA, ROJAS	500,000	0.0554%
17	MERCADO, TERESITA P.	500,000	0.0554%
18	MITRA, RAMON	500,000	0.0554%
19	ESTRADA, JOSEPH	500,000	0.0554%
20	CABANES, LORETO	500,000	0.0554%

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, 2018 and two years ended December 31, 2017 and December 31, 2016.

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. & SUBSIDIARY
ATTACHMENTS TO INFORMATION STATEMENT

Annex to Information Statetement
Publication of inability to file Interim Audit Statement
Government Certification
Certification of Independent Directors

FINANCIAL STATEMENTS

Statement of Management's Responsibility for Financial Statements
Report of Independent Auditors
Consolidated Statement of Financial Position as of December 31, 2011 and 2010
Consolidated Statements of Comprehensive Income
Consolidated Statements of Cash Flow
Consolidated Statements of Changes in Stockholders' Equity
Notes to Consolidated Financial Statements

SUPPLEMENTARY SCHEDULES

Schedule 1: Retained Earnings Available for Dividend Declaration
Schedule 2: Schedule of all Effective Standards & Interpretations
Schedule 3: Marketable Securities, other long term investments and other
Investments
Schedule 4: Aging of Consolidated Accounts Receivable
Schedule 5: Amounts Receivable from Related Parties which are eliminated
during the consolidation of Financial Statements
Schedule 6: Consolidated Accounts Receivable
Schedule 7: Financial Soundness Indicator
Schedule 8: Map of the Relationships of the Companies within the Group

Other schedules, which are required by Annex 68.1-M of the Amended SRC Rule 68, have been omitted because they are either not required, not applicable, or the information required to be presented is included in the Company's Balance Sheets or Notes to Financial Statements.

ANNEX TO INFORMATION STATEMENT 2019

Corporate acts and resolutions of the board of directors and management of the Corporation for the year 2018.

A. SPECIAL MEETING OF THE BOARD OF DIRECTORS HELD ON 03 APRIL 2018:

The Chairman, Mr. Edgardo P. Reyes, presided and called the meeting to order while the Corporate Secretary, Atty. Magilyn T. Loja, recorded the minutes of the meeting. Upon the request of the Chairman, the Corporate Secretary certified that a quorum was present as all members of the board of directors were present in person.

The Chairman then stated that the first item on the agenda was the reading and approval of the minutes of the Special Meeting of the Board of Directors held on 12 July 2017. Whereupon, on motion duly made and seconded, the Board unanimously approved the minutes of the Special Meeting of the Board of Directors held on 12 July 2017.

The Chairman then stated that the next item on the agenda was the need to publish the notice to distribute the Corporation's 2018 1st Interim Unaudited Financial Statements (IUFS). Whereupon, on motion duly made and seconded, the following resolution was unanimously approved and adopted:

“RESOLVED, that the Board of Directors the Corporation authorized, as it hereby authorizes, the Corporation's Chairman, Edgardo P. Reyes, President, Wilfrido P. Reyes, or Treasurer, Belen R. Castro, to effect the publication in two (2) newspapers of general circulation of the notice to distribute the Corporation's 2018 1st Interim Unaudited Financial Statements (IUFS).”

The Chairman then stated that the last item on the agenda is the appropriation of Php145,600,000.00 from the Corporation's unrestricted retained earnings. Whereupon, on motion duly made and seconded, the following resolution was unanimously approved and adopted:

“RESOLVED, that the Board of Directors of SOCRESOURCES, INC. (the “Corporation”) authorized, as it hereby authorizes, the appropriation of the amounts of Six Hundred Million Pesos (Php600,000,000.00) and One Hundred Forty-Five Million Pesos (Php145,000,000.00) out of the Corporation's retained earnings as of 31 December 2017 for investment into the Althea and Azalea Projects and Agricultural Projects, respectively.”

There being no further business before the meeting, the same was, on motion duly made and seconded, adjourned.

B. SPECIAL MEETING OF THE BOARD OF DIRECTORS HELD ON 13 APRIL 2018:

The Chairman, Mr. Edgardo P. Reyes, presided and called the meeting to order while the Corporate Secretary, Atty. Magilyn T. Loja, recorded the minutes of the meeting. Upon the request of the Chairman, the Corporate Secretary certified that a quorum was present as all members of the board of directors were present in person.

The Chairman then stated that the first item on the agenda was the reading and approval of the minutes of the Special Meeting of the Board of Directors held on 3 April 2018. Whereupon, on motion duly made and seconded, the Board unanimously approved the minutes of the Special Meeting of the Board of Directors held on 3 April 2018.

The Chairman then stated that the next item on the agenda was the approval of the Corporation's 2017 Audited Financial Statements (AFS). In line with this, the Chairman discussed the need to grant an authority upon himself, the President, Wilfrido P. Reyes, and Treasurer, Belen R. Castro, to execute all acts necessary for the release of said AFS. Whereupon, on motion duly made and seconded, the following resolutions were unanimously approved and adopted:

"RESOLVED, that the Board of Directors of SOCRESOURCES, INC. (the "Corporation") hereby approves the Corporation's Audited Financial Statements for year ending 31 December 2017, as certified by the external auditor, Sycip Gorres Velayo & Co.;

"RESOLVED, FURTHER, that the Corporation's Chairman, Mr. Edgardo P. Reyes, President, Wilfrido P. Reyes and Treasurer, Belen R. Castro, are hereby authorized to make the necessary arrangements in order to effect the release of the Corporation's Audited Financial Statements, including the authority to sign, execute and/or deliver the same and any and all documents in the name of the Corporation in connection therewith;

"RESOLVED, FINALLY, that a signed true copy of these resolutions be submitted to the External Auditor and shall serve as the written authority of the aforementioned Officers in effecting the approval and release of the Corporation's Audited Financial Statements ending 31 December 2017, which resolutions shall remain valid until the same are otherwise revoked."

There being no further business before the meeting, the same was, on motion duly made and seconded, adjourned.

C. ANNUAL STOCKHOLDERS MEETING HELD ON 25 MAY 2018:

The Chairman, Mr. Edgardo P. Reyes, presided and called the meeting to order while the Corporate Secretary, Atty. Magilyn T. Loja, recorded the minutes of the meeting. Upon the request of the Chairman, the Corporate Secretary certified that printed notices for the annual meeting were sent to all stockholders and that a quorum was present because stockholders representing 862,300,868 shares out of the 901,920,568 shares outstanding and entitled to vote, or ninety-six percent (96%), were present in person or by proxy.

The Chairman then stated that the first item on the agenda was the reading and approval of the minutes of the annual stockholders meeting held on 26 May 2017. There being no comments on the Minutes, the Stockholders, on motion duly made and seconded, adopted the following resolution:

"RESOLVED, that the minutes of the meeting of the Stockholders Annual Meeting held on 26 May 2017, be, as they are hereby, **APPROVED.**"

The Chairman then stated that the next item on the agenda was the report of Management. Inasmuch as printed copies of the Definitive Information Statement report containing a review of the Company's operations, as well as of the Company's Audited Financial Statements as of 31 December 2017, were furnished the stockholders prior to the meeting, the Chairman proceeded to read the

Chairman's Statement. Thereafter, and on motion duly made and seconded, the following resolution was unanimously approved and adopted:

"RESOLVED, that the report of Management on the operations of the Corporation for fiscal year ended 31 December 2017, as well as the Audited Financial Statements for the same period be, as they are hereby, approved."

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

"RESOLVED, that all acts of, and all transactions entered into by, the Board of Directors and Officers of the Corporation on the latter's behalf during the fiscal year ending 31 December 2017 and to date, be, as they are hereby, ratified and approved."

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

Edgardo P. Reyes
Wilfrido P. Reyes
Belen R. Castro

as well as Messrs. Manuel G. Arteficio and Francisco M. Bayot, Jr. as the Company's Independent Directors. There being no other nominations, and upon motion duly made and seconded, the Chairman declared the nominations closed and thereupon directed the Corporate Secretary to cast all the votes in favor of the five (5) candidates who were then declared unanimously elected.

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

"RESOLVED, that the accounting firm of Sycip Gorres Velayo & Co. be, as it is hereby, re-appointed as the Corporation's external auditors for the calendar year 2018 with Mr. Kristopher S. Catalan as the Engagement Partner."

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

D. ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS HELD ON 25 MAY 2018:

The meeting was convened and called to order immediately after the adjournment of the stockholders' annual meeting. The Chairman, Mr. Edgardo P. Reyes, presided the meeting while the Corporate Secretary, Atty. Magilyn T. Loja, recorded the minutes thereof and certified that a quorum was present as all members of the Board of Directors were present in person.

The Chairman then stated that the first item on the agenda was the reading and approval of the minutes of the special meeting of the Board of Directors held on 13 April 2018. Whereupon, on motion duly made and seconded, the Board unanimously approved the minutes of the special meeting of the Board of Directors held on 13 April 2018.

Upon the request of the Chairman, the Corporate Secretary certified that at the recently adjourned stockholders meeting, the following were unanimously elected as Directors of the Corporation for the ensuing year:

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

The Chairman then stated that the table was open for the nomination and election of Officers for the ensuing year. Whereupon, the following were duly nominated and unanimously elected to the positions set forth after their respective names:

Officers

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

Executive Committee

EDGARDO P. REYES	- Chairman
WILFRIDO P. REYES	- Member
MANUEL G. ARTEFICIO	- Member

Nomination & Remuneration Committee

FRANCISCO M. BAYOT, JR.	- Chairman
WILFRIDO P. REYES	- Member
BELEN R. CASTRO	- Member

Audit Committee

MANUEL G. ARTEFICIO	- Chairman
EDGARDO P. REYES	- Member
WILFRIDO P. REYES	- Member

There being no further business before the meeting, the same was, on motion duly made and seconded, adjourned.

E. SPECIAL MEETING OF THE BOARD OF DIRECTORS HELD ON 27 JULY 2018:

The Chairman, Mr. Edgardo P. Reyes, presided and called the meeting to order while the Corporate Secretary, Atty. Magilyn T. Loja, recorded the minutes of the meeting. Upon the request of the

Chairman, the Corporate Secretary certified that a quorum was present as all members of the board of directors were present in person.

The Chairman then stated that the first item on the agenda was the reading and approval of the minutes of the Organizational Meeting of the Board of Directors held on 25 May 2018. Whereupon, on motion duly made and seconded, the Board unanimously approved the minutes of the Organizational Meeting of the Board of Directors held on 25 May 2018.

The Chairman then manifested his need for a service vehicle. Whereupon, on motion duly made and seconded, the following resolution was unanimously approved and adopted:

“RESOLVED, that the Corporation authorizes, as it hereby authorizes, the assignment of the following vehicle to its Chairman, Mr. Edgardo P. Reyes:

MV FILE NO	:	1384-00000250203
PLATE NO	:	ZTF646
ENGINE NO	:	4M41-UCAR1247
MAKE	:	Mitsubishi
SERIES	:	Montero Sport 3
YEAR MODEL	:	2009

There being no further business before the meeting, the same was, on motion duly made and seconded, adjourned.

MANILA BULLETIN PUBLISHING CORP.

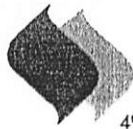
MANILA BULLETIN BUILDING, MURALLA COR. RECOLETO,
INTRAMUROS, MANILA 1000
P.O. BOX 769 MANILA • VAT REG. TIN 000-746-558-000

DISPLAY / CLASSIFIED AD OFFICIAL RECEIPT				RECEIPT NO. 8024909	
MAIN OFFICE				PAYMENT CLASSIFIED Box	
ACCT. NO.		ORDER NO. 4/12/19		CASH P	
ADVERTISER SQC RESOURCES INC		TOTAL PAID W/ AFFIDAVIT		CHECK NO.	
PRO - DA - SCHEDULE 4/17/19					
GROSS QUOTE (AD COST)	REM.	ADJUSTMENT	SIZE	COL CM	TOTAL GROSS QUOTE
0.00		0.00	2 X 7.5	15.0	5,010.00
SURCHARGE	BROD COST	COLOR CHARGE	AFFIDAVIT	POSITION	TOTAL SURCHARGES
0.00		0.00	100.00	0.00	100.00
MISC. CHARGE	OTHERS	CM	OVER PAYMENT	WH TAX	TOTAL MISC/OTHERS
0.00		0.00	0.00	0.00	0.00
TIN	VAT SALES	VAT AMOUNT	ZERO RATED SALES	AMOUNT DUE	
	5,110.00	613.20	0.00	5,723.20	

CTHFG/ATCMC
80 BOXES, 3000 SETS/BOX, 3 PLY 7,840,001-8,080,000 BIR OCN BAU/000027198
DATE ISSUED 29 SEPTEMBER 2014; VALID UNTIL 28 SEPTEMBER 2019
LOOSE-LEAF PERMIT NO. LTAD-1-LL-09-261-09, DATED 15 MAY 2009
DATA COMPUTER FORMS, INC. TIN 000-052-924-000
84-86 DOMINGO M. GUEVARA ST., MAUWAY, MANDALUYONG CITY 1550
PRINTER'S ACCREDITATION NO. 041MP2014000000001 DATE ISSUED 09-JAN-14

5,723.2000

THIS DISPLAY/CLASSIFIED AD OFFICIAL RECEIPT SHALL
BE VALID FOR FIVE (5) YEARS FROM THE DATE OF ATP



SOCResources, Inc.

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

Date: April 12, 2019

MANILA BULLETIN PUBLISHING CORP.

Manila Bulletin Building, Muralla corner
Recoletos Streets, Intramuros, Manila

Re : Authorization to cause the Publication of
SOCResources, Inc.'s Notice to Distribute IUFS

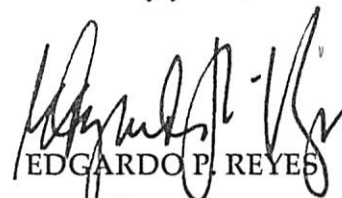
Gentlemen:

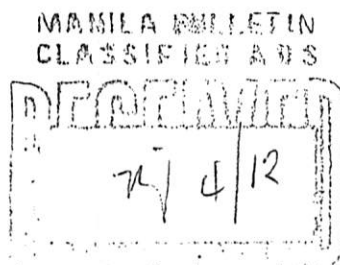
This is to authorize Ronna C. De Leon of SOCResources, Inc. (the "Corporation"), whose specimen signature appears below, to effect the publication of the notice to distribute the Corporation's 1st Interim Unaudited Financial Statements (IUFS) for the year 2019, which reads as follows:

TO ALL THE STOCKHOLDERS OF SOCRESOURCES, INC.:

WE WILL NOT BE ABLE TO PROVIDE THE 2019 1ST INTERIM UNAUDITED FINANCIAL STATEMENTS (IUFS) ON 9 MAY 2019. INSTEAD, A COPY OF SUCH REPORT WITH MANAGEMENT'S DISCUSSION AND ANALYSIS WILL BE POSTED IN THE COMPANY'S WEBSITE AT LEAST FIVE (5) CALENDAR DAYS BEFORE THE ANNUAL STOCKHOLDERS' MEETING ON 31 MAY 2019. UPON REQUEST BY ANY STOCKHOLDER, THE COMPANY SHALL PROVIDE A HARD COPY OF THE IUFS AS SOON AS IT IS AVAILABLE BUT NOT LATER THAN AT LEAST (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.

Truly yours,


EDGARDO P. REYES
Chairman



SWORN STATEMENT

I, RONNA C. DE LEON of legal age, FILIPINO
(Full Name) (Citizenship)
single/married N/A and a resident of
(Full Name of Spouse)
1536C NAKAR ST. SAN ANDRES BUKID MANILA
(Full Address)

after being duly sworn to, hereby depose and say:

THAT I am ACCOUNTING MANAGER of SOCRESOURCES, INC.
(Title) (Name of Person/Office)
with home/business address at 4TH FLR. ENZO BLDG. 399 SENATOR GIL PUYAT AVE. MAKATI CITY

THAT I caused the publication of the attached/accompanying notice/advertisement/material
entitled "NOTICE TO DISTRIBUTE IUFS".

THAT I am authorized by the EDGARDO P. REYES - CHAIRMAN
(Name of Person/Office)
to cause the publication of the attached notice/advertisement/material and that the contents therein are true
and correct:

THAT I and/or the SOCRESOURCES, INC. hereby hold the MANILA
BULLETIN PUBLISHING CORPORATION free and harmless from my liability of whatsoever kind and
nature and bind ourselves to answer solidarily for any and all damages that may be suffered/incurred by any
aggrieved person/party or by MANILA BULLETIN PUBLISHING CORPORATION arising from the
publication thereof.

Manila, Philippines, APR 12 2019, 20

RONNA C. DE LEON

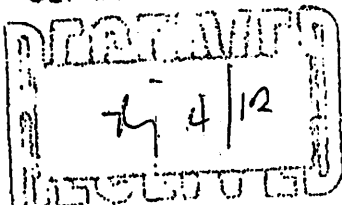
Affiant

Tel. No. _____

APR 12 2019

SUBSCRIBED AND SWORN TO BEFORE ME, THIS _____ day of _____
20 _____, affiant exhibiting to me his/her Residence Certificate No. 14471224 issued at
MAKATI, MM on JAN. 15, 2019.

MANILA BULLETIN
CLASSIFIED ADS



ATTY. VIRGILIO R. BATALLA

NOTARY PUBLIC FOR MAKATI CITY

APPT. NO. M-82 UNTIL DEC 31, 2020

ROL Notary Public 348

MCLE COMPLETION V-025604-11-2018

ISPO. BANG 786742-LIFETIME MEMBER JAN 29 2007

PTR NO. 7374020-JAN 05, 2019-MAKATI CITY

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

DOC. NO. 688
PAGE NO. 24
BOOK NO. 28
SERIES OF 2019



CHINO ROCES AVENUE CORNER YAGUE &
MASCARDO STREETS, CITY OF MAKATI
897-8808 • VAT REG. TIN 000-803-607-00000

OFFICIAL RECEIPT

No. A 0601749

Date
04/12/2019

Received from **90CRResources, Inc.**
Address **4th Floor. Enso Bldg. 399 Senator Gil Puyat Avenue**
the amount of **Seven Thousand Four Hundred Eight Pesos and 80/100 Only**

TIN:
Bus. Name/Style

PAYMENT DETAILS:

CA1-14521 2019-04-17 2.00 x 3.00 |

PAYMENT TYPE:

Bank	Cheque No.	Amount
Cash		7,408.80
Variable Sales:		6,615.00
VAT Exempt Sales:		0.00
VAT Zero Rated:		0.00
Total Sales:		6,615.00
VAT:		793.80
Withholding Tax:		(0.00)
Total Amount Due:		7,408.80

90601749

CASHIER:

RONALD A. FALLER

30 BOXES 1000 SETS/BOX 3 PLY SN: A0580001-A0610000
BIR ATP NO. BAU0001354731E
Date Issued: 01-19-2018; Valid Until: 01-18-2023
APP Ref. No.: APP/0000000000004328/2018
Loose-Leaf Permit No.: LL-031-95 Date: March 10, 1995



Forma International Enterprises Corporation
828 Carmel Ave., Proj. 8, Quezon City
Tel. No.: 365-8155

Printer's Accreditation No. 038MP20130000000013
Date of Accreditation: 12-23-13
VAT REG. TIN 002-013-048-00000

"THIS OFFICIAL RECEIPT SHALL BE VALID
FOR FIVE (5) YEARS FROM THE DATE OF ATP."



ADVERTISING CONTRACT

Chino Roces Avenue (Pasong Tamo) Corner Yague &
Mascardo Sts., Makati City, Philippines | Tel. 897-8808
VAT REG. TIN 000-803-607-000

Contract No. CA1- 14521

Date April 12, 2019

OR No. _____
OR Date _____ AO No. 151766

This authorizes the PHILIPPINE DAILY INQUIRER to publish the advertisement of

ADVERTISER:

SOC Resources, INC.
COMPLETE ADDRESS:
4th Flr. EHzo Bldg., 399 Senzor
611 Puyat Avenue, Makati City
BIR TIN: _____

PRODUCT:

CONTACT PERSON/TEL. NOS.:
Ch. Ms. Ronna De Leon
MOBILE NO.: _____ **FAX NO.:** _____
EMAIL ADDRESS: _____

based on the following specifications/instructions:

☐ NATIONAL ☐ JOB MARKET ☐ OBIT ☐ LIBRE ☐ ONLINE ☐ (OTHERS-SPECIFY)

AD SIZE: 2 columns x 3 modules

AD CLASSIFICATION: ANNOUNCEMENT

ISSUE DATES: APRIL 17, 2019

RATE: 1,102.50 / col. module **SURCHARGE:** + 12% VAT

COST PER INSERTION: _____

TOTAL COST: \$ 7,402.50

MODE OF PAYMENT:

☐ CASH ☐ CHECK ☐ C.CARD ☐ CHARGE ☐ PTF ☐ ONLINE
Direct Deposit Details (Cash | Check | Bank to Bank Fund Transfer): _____

Online Payment Details:

Credit Card - Type | Issuing Bank | Card Number | Authorization: _____

OTHER INSTRUCTIONS:

NOTICE TO DISTRIBUTE IUFS

Accepted by:

THE PHILIPPINE DAILY INQUIRER, INC.

Jullorn
TIN CABERO
(Name and Signature of Authorized PDI Representative)

Conforme:

Ronald Eason
(Name and Signature of Advertiser/Authorized Representative)
Marschay
(Position)

ADVERTISING POLICIES

The Philippine Daily Inquirer ("PDI") reserves the right:

- To accept/reject advertisements in accordance with publisher's policies standard of acceptance.
- To reject advertisements that are false, misleading, inaccurate, fraudulent, not in good taste, offensive, or those that fail to comply with its standards of decency and dignity or violates laws dealing with such matters as libel, intellectual property or right to privacy, among others.
- To reject advertisements promoting sauna and massage parlors, bold shows and entertainment, pornography, those exploiting sex, those advertising illegal or objectionable products and services, and those that may injure the reputation of PDI.
- To not be bound by any condition appearing on any advertiser's or advertising agency's contracts, orders or copy instructions which conflict with publication policies.
- To have all advertisers identified by the trademark or signature of the advertiser. Materials which in the judgment of PDI look like or resemble editorial pages or in cartoon technique may be marked "Advertisement" or "Advt."
- To not be responsible for poor production caused by material with wrong specifications or any losses or damages resulting from it.
- To not be able for typographical errors, incorrect insertions opinions in advertisements published by PDI or any losses or damages resulting from them.
- To subject final lay-out and copy to editorial approval.
- Materials that are not in the possession of PDI on the specified deadline will be replaced by a similarly-sized PDI advertisement. The space reserved will be billed to the advertiser/s and/or the advertising agency responsible for the delayed materials. Cancellations will not be accepted after the deadline.
- If an advertisement contains statements or illustrations that are not deemed acceptable, and that PDI thinks should be changed or eliminated, the advertiser and/or the advertising agency will be notified. Advertising agency; however, if changes cannot be negotiated, the advertisement will be declined by PDI.
- The advertiser and the advertising agency jointly and severally agree to indemnify, defend and hold harmless PDI, its officers, losses, damages, costs and expenses (including legal fees) for which PDI may become liable by reason of PDI's publication of the advertisement.
- PDI will charge a late payment fee equivalent to 3% for every month of delay for unpaid balances.
- PDI may charge its policies at any time in its sole discretion by amending the terms of its advertising contract.
- Only written complaints filed within 30 calendar days after publication shall be entertained.



SOCResources, Inc.

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

Date: April 12, 2019

THE PHILIPPINES DAILY INQUIRER, INC.

1098 Chino Roces Ave., corner. Yague and
Mascardo Streets, Makati

Re : Authorization to cause the Publication of
SOCResources, Inc.'s Notice to Distribute IUFS

Gentlemen:

This is to authorize The Philippines Daily Inquirer, Inc. to effect the publication of the notice to distribute the Corporation's 2019 1st Interim Unaudited Financial Statements (IUFS) on 17 April 2019, which reads as follows:

TO ALL THE STOCKHOLDERS OF SOCRESOURCES, INC.:

WE WILL NOT BE ABLE TO PROVIDE THE 2019 1ST INTERIM UNAUDITED FINANCIAL STATEMENTS (IUFS) ON 9 MAY 2019. INSTEAD, A COPY OF SUCH REPORT WITH MANAGEMENT'S DISCUSSION AND ANALYSIS WILL BE POSTED IN THE COMPANY'S WEBSITE AT LEAST FIVE (5) CALENDAR DAYS BEFORE THE ANNUAL STOCKHOLDERS' MEETING ON 31 MAY 2019. UPON REQUEST BY ANY STOCKHOLDER, THE COMPANY SHALL PROVIDE A HARD COPY OF THE IUFS AS SOON AS IT IS AVAILABLE BUT NOT LATER THAN AT LEAST (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.

Truly yours,


EDGARDO P. REYES
Chairman

SWORN STATEMENT

Republic of the Philippines)
City of Makati) SS

I, RONNA C. DE LEON, of legal age, single and a resident of 1536C NAKAR ST. SAN ANDRES BUKID, MANILA, after being sworn to in accordance with law, depose and state that:

1. I am the Accounting Manager of SOCRESOURCES, INC., with business and postal address at 4TH Floor Enzo Building 399 Senator Gil Puyat Ave. Makati City;

2. I caused the publication of the advertisement/notice describe in the attached official letterhead;

3. I have been authorized by SOCRESOURCES, INC. to cause the publication of the said advertisement/notice and that the contents of the advertisement/notice are true and correct.

4. I affirm and warrant, on behalf of SOCRESOURCES, INC., that the advertisement/notice is (a) in accordance with law and government rules and regulations, (b) does not and will not violate any order, resolution or decision of any court or government office; and (c) published in good faith and with justifiable motives;

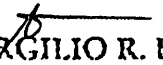
5 In my personal capacity and as the duly-authorized representative of SOCRESOURCES, INC., I and SOCRESOURCES, INC. shall hold the Philippine Daily Inquirer free and harmless from any complaint or claim that may be filed against it, and be solidarily liable for any damages that it may be ordered to pay, on account of or as a consequence of the publication of the advertisement/notice, without prejudice to whatever action it may take against me and SOCRESOURCES, INC. under the premises.

Makati City, Metro Manila, Philippines, APR 12 2019 2019


RONNA C. DE LEON
Affiant

SUBSCRIBED and SWORN to before me this APR 12 of 2019 2019, affiant exhibiting to me Community Tax Certificate No.14471224 issued on January 15, 2019 at Makati City.

Doc. No. 154
Page No. 29
Book No. 28
Series of 2014


ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-87 UNTIL DEC. 31, 2020
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. V-4026676/4-11-2018
IBP O.I. NO. 705762-LIFETIME MEMBER JAN 29 2007
PTR No. 733302
NOTARY PUBLIC
EXECUTIVE BLDG. CENTER MAKATI AVE., COR., JUPITER ST.,
MAKATI CITY
Until December 31, 2020

CERTIFICATION OF INDEPENDENT DIRECTORS

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

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

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

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

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

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

Offense Charged/Investigated	Tribunal or Agency Involved	Status
Not applicable		

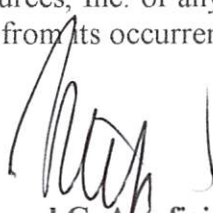
6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of agency/department) to be an independent director in SOCResources, Inc.,

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

NOT APPLICABLE.

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


Done, this ____ day of APR 23 2019, at Makati City.


Manuel G. Arteficio
Affiant

APR 23 2019

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. 133
Page No. 28
Book No. 33;
Series No. 2019;


ATTY. VIRGILIO P. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-37-11, FIL DEC. 31, 2020
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. V-0026676/4-11-2018
IBP O.R. No. 706762-LIFETIME MEMBER JAN. 29, 2007
PTR No. 7333020- JAN 03, 2019- MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR., JUPITER ST
MAKATI CITY

CERTIFICATION OF INDEPENDENT DIRECTORS

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

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

Company/Organization	Position/Relationship	Period of Service
PGA Sampo Insurance Corp.	Independent Director	2018- present
Cebu Beacon Storage Corporation	President/Director	2015- present
Madrigal-Bayot Dev. Corp.	President/Director	2008- present
Madrigal Business Park Association, Inc.	President/Director	1994- present
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 and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

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

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

Offense Charged/Investigated	Tribunal or Agency Involved	Status
Not applicable		

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

NOT APPLICABLE.


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

Done, this APR 23 2019 day of _____, at Makati City.


Francisco M. Bayot, Jr.
Affiant

SUBSCRIBED AND SWORN to before me APR 23 2019 day of _____ at the city of Makati, affiant who is personally known to me, and/or has satisfactorily proven to me his identity through competent evidence, exhibiting to me his Passport No. EC8399440 issued on 26 July 2016, valid until 25 July 2021 and issued at DFA, Manila.

Doc. No. 134
Page No. 14
Book No. 22
Series No. 2019;


ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-JJ-11A/11 DEC. 31, 2020
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. V-0026675/4-11-2018
IBP O.R. No. 706762- LIFETIME MEMBER JAN. 29, 2007
PTR No. 7333020- JAN 03, 2019- MAKATI CITY
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

APR 23 2019


IN WITNESS WHEREOF, I have hereunto set my hand this ____ of _____ in Makati City, Metro Manila.


MAGILYN T. LOJA
Corporate Secretary

APR 23 2019

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 her identity through competent evidence, exhibiting to me Driver's License No. N02-94237237 expiring on 6 May 2022.

Doc. No. 137
Page No. 28
Book No. 53
Series No. 2019;


ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-37- UN. FIL DEC. 31, 2020
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. V-0026676/4-11-2018
IBP O.R. No. 706762-LIFETIME MEMBER JAN. 29, 2007
PTR No. 7532020- JAN 03, 2019- MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR., JUPITER ST
MAKATI CITY

SOCRESOURCES, INC. AND SUBSIDIARY

Schedule 3: Other long term investments and other Investments

Available for Sale Financial Assets

As of December 31, 2018

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	429,000	
Lepanto Consolidated Mining Company "A"	2,078,000	220,268	
Manila Mining Corporation "A"	26,480,000	174,768	
Manila Water Company, Inc.	265,000	7,380,250	
Petron	1,147,500	8,835,750	
		17,040,036	-
<i>Not Listed - Domestic</i>			
Wackwack Golf & Country Club	1	35,000,000	
Southwest Resources, Inc.		3,333,500	
Mt. Malarayat Golf & Country Club	1	250,000	
		38,583,500	
Allowance for Impairment on AFS - Unlisted		(3,333,500)	
		35,250,000	
TOTAL AVAILABLE FOR SALE FINANCIAL ASSETS		52,290,036	

SOCResources, Inc. and Subsidiary

Schedule 4: Aging of Consolidated Accounts Receivable

As of December 31, 2018

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	3,631,778	266,059	296,060	218,944	2,850,714	-	-	-	
2 Advances to Suppliers & Contractors	6,012,926	582,439	33,294	477	35,507	633,604	4,727,606	-	
3 Officers and employees	4,181,479	176,122	-	-	-	5,357	-	4,000,000	
4 IGC Securities, Inc.	15,100,472	9,984	-	-	-	18,642	15,071,846	-	
5 South China Petroleum Int'l.	-	-	-	-	-	-	-	-	
6 Unit Owners	5,879,383	5,879,383	-	-	-	-	-	-	
7 Due from Anuva Condo	7,726,326	1,120,163	2,175,581	2,422,935	2,007,648	-	-	-	
8 Due from Althea HOA	35,141	-	-	-	35,141	-	-	-	
9 Others	2,833,863	965,199	263,674	70,928	922,302	535,787	67,574	8,400	
Subtotal	45,401,369	8,999,349	2,768,609	2,713,284	5,851,311	1,193,390	19,867,026	4,008,400	
Less: Allow. For Impairment losses on receivables	-	-	-	-	-	-	-	-	-
A/R - net	45,401,369	8,999,349	2,768,609	2,713,284	5,851,311	1,193,390	19,867,026	4,008,400	NONE
Net Receivables	45,401,369	8,999,349	2,768,609	2,713,284	5,851,311	1,193,390	19,867,026	4,008,400	NONE

(73,833,534.00)

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)	quarterly payment of principal
2) Officers and employees	Advances to employees for emergency purpose on a 1 year term payable monthly	monthly
3) Others	Receivable from third party	past due yet collectible
Notes : Indicate a brief description of the nature and collection period of each receivable accounts with major balances or separate receivable captions, both for trade and non-trade accounts.		

SOCRESOURCES, INC. AND SUBSIDIARY

Schedule 5: Amounts Receivable from Related Parties which are eliminated during the consolidation of Financial Statements

As of December 31, 2018

		Beginning Balance	Deductions	Ending Balance
		December 31, 2017		December 31, 2018
SOC Land Development, Corp.		1,110,528,901	(109,328,659)	1,001,200,241

SOCRESOURCES, INC. AND SUBSIDIARY

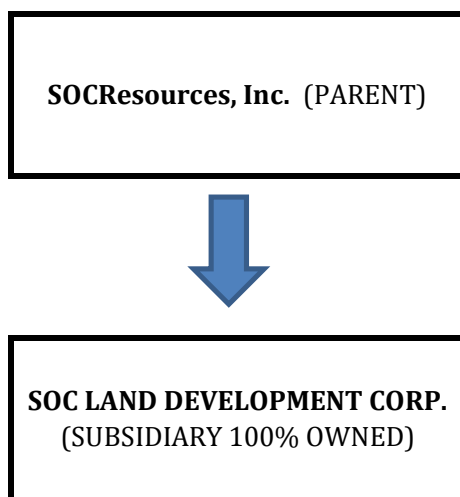
Schedule 7: Key Performance Indicator

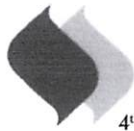
	KEY FINANCIAL RATIOS	December 31, 2018	December 31, 2017
I.	Current/Liquidity Ratios	9.84 x	10.85 x
II.	Solvency Ratio	6.51%	-17.39%
III.	Debt-to-equity ratio (in x)	0.1000 x	0.0846 x
IV.	Asset to Equity Ratio	1.1000 x	1.0846 x
V.	Interest Rate Coverage Ratio	N/A	N/A
VI.	Profitability Ratio		
	Return on Equity (ROE)	0.48%	-1.62%
	Return on Assets (ROA)	0.44%	-1.49%
VII.	Other Relevant Ratios		
	Revenue Growth/ (Decline)	96.06%	-60.36%
	Net Income Growth/ (Decline)	129.84%	-201.94%
	EBITDA	Php 10,651,521	(23,847,440)

SOCRESOURCES, INC. AND SUBSIDIARY

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

As of December 31, 2018





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, 2018 and 2017, 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.

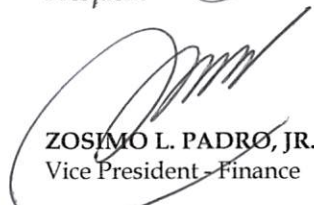
SYCIP GORRES VELAYO & CO., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippines Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion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

MAKATI CITY

APR 24 2019

SUBSCRIBED AND SWORN to before me this ____ day of ____ 2019 affiants exhibiting to me their valid government issued identification as follows:

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

Doc. No.: 2630;
Page No.: 34;
Book No.: 34;
Series of 2019.

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-37 IN PL DEC. 31, 2020
ROLL OF ATTY. NO. 48348

MCLE COMPLIANCE NO. V-0026676/4-11-2018
IBP O.R. No. 706762-LIFETIME MEMBER JAN. 29, 2007
PTR No. 7333020-JAN 03, 2019- MAKATI CITY
EXECUTIVE OFFICE, CENTER MAKATI AVE., COR., JUPITER ST
MAKATI CITY

SOCResources, Inc. and Subsidiary

Consolidated Financial Statements
December 31, 2018 and 2017
and Years Ended December 31, 2018, 2017
and 2016

and

Independent Auditor's Report

DRAFT

for
AUDITED FINANCIAL STATEMENTS

A	S	0	9	2	-	0	6	4	4	1
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A	A	C	F	S
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C	R	M	D
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N	/	A	
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COMPANY INFORMATION

**socinfo@southchinaresourcesinc
.com.ph**

804-1978

N/A

362

05/25

12/31

CONTACT PERSON INFORMATION

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ronna C. De Leon	ronnadeleon_soc@yahoo.com.ph	804-1978	N/A

CONTACT PERSON'S ADDRESS					
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4th Floor Enzo Building, 399 Senator Gil Puyat Avenue, Makati City 1200

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	P455,632,239	P115,032,410
Short-term investments (Note 5)	—	255,823,471
Receivables (Note 6)	30,401,369	57,477,913
Contract assets - current portion (Note 22)	26,744,405	—
Real estate inventories (Note 7)	880,458,327	904,056,020
Due from a related party (Note 19)	230,703	191,619
Prepayments and other current assets (Note 8)	66,820,157	59,023,903
Total Current Assets	1,460,287,200	1,391,605,336
Noncurrent Assets		
Debt investments at fair value through profit or loss (FVTPL) (Note 10)	—	—
Equity investments at fair value through other comprehensive income (FVTOCI) (Note 9)	52,290,036	—
Available-for-sale (AFS) Financial Assets (Note 9)	—	53,445,971
Receivables - net of current portion (Note 6)	15,000,000	61,841,846
Contract assets - net of current portion (Note 22)	32,712,621	—
Real estate inventories - net of current portion (Note 7)	186,449,921	188,813,004
Property and equipment (Note 10)	35,979,290	34,866,689
Other noncurrent assets (Note 11)	17,946,311	27,497,408
Total Noncurrent Assets	340,378,179	366,464,918
TOTAL ASSETS	P1,800,665,379	P1,758,070,254
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities (Note 13)	P50,579,955	P128,277,782
Contract liabilities (Note 22)	97,842,469	—
Total Current Liabilities	148,422,424	128,277,782
Noncurrent Liabilities		
Retirement benefit obligation (Note 17)	4,281,472	4,795,410
Deferred tax liability	10,970,026	4,022,694
Total Noncurrent Liabilities	15,251,498	8,818,104
Total Liabilities	163,673,922	137,095,886
Equity		
Common stock - P1 par value, Authorized - 1,000,000,000 shares		
Issued - 600,559,569 shares	600,559,569	600,559,569
Subscribed - 306,000,000 shares in 2017 and 2016 (net of subscription receivable of P229,500,000 in 2017 and 2016)	76,500,000	76,500,000
Additional paid-in capital	72,272,140	72,272,140
Retained earnings:		
Appropriated (Note 20)	745,000,000	745,000,000
Unappropriated	124,748,463	116,806,639
Other comprehensive income:		
Unrealized valuation gains on financial assets at FVTOCI (Note 9)	21,643,114	—
Unrealized valuation gains on AFS financial assets	—	14,449,049
Actuarial gains on defined benefit plan (Note 17)	1,229,821	348,621
Treasury stock (Note 20)	(4,961,650)	(4,961,650)
Equity	1,636,991,457	1,620,974,368
TOTAL LIABILITIES AND EQUITY	P1,800,665,379	P1,758,070,254

See accompanying Notes to Consolidated Financial Statements.

SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2018	2017	2016
REVENUE			
Real estate sales from contract with customers (Note 22)	P137,575,939	P64,931,959	P156,770,447
Interest income (Notes 4, 5 and 6)	17,656,548	12,896,876	13,195,736
Dividend income (Note 9)	409,612	350,056	343,869
Foreign exchange gains - net	327,811	25,803	328,198
Realized gain (loss) in financial assets at FVTOCI	84,419	—	—
Gain on redemption of Unit Investment Trust Fund (UITF) (Note 9)	7,326	257,841	—
Other income - net (Note 16)	8,336,581	5,388,164	40,869,226
	164,398,236	83,850,699	211,507,476
COSTS AND EXPENSES			
Cost of real estate sales (Note 7)	65,715,940	(33,411,749)	(113,657,657)
General and administrative expenses (Note 14)	61,084,028	(50,802,952)	(56,370,938)
Sales and marketing expenses (Note 15)	24,511,564	(22,455,660)	(14,340,893)
	151,311,532	(106,670,361)	(184,369,488)
INCOME (LOSS) BEFORE INCOME TAX	13,086,704	(22,819,662)	27,137,988
PROVISION FOR INCOME TAX (Note 18)			
Current	4,106,734	1,276,648	1,373,128
Deferred	1,143,517	2,168,161	—
	5,250,251	3,444,809	1,373,128
NET INCOME (LOSS)	7,836,453	(26,264,471)	25,764,860
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Unrealized valuation gains on AFS financial assets, net of deferred income tax (Note 9)	—	736,513	8,114,806
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Unrealized valuation gains on equity investments at FVTOCI, net of deferred income tax (Note 9)	7,299,437	—	—
Actuarial gains (loss) on defined benefit plan (Note 17)	881,200	(35,236)	195,764
	8,180,637	701,277	8,310,570
TOTAL COMPREHENSIVE INCOME (LOSS)	P16,017,090	(P25,563,194)	P34,075,430
Basic/Diluted Earnings (Loss) Per Share (Note 21)	(P0.0087)	(P0.0291)	P0.0284

See accompanying Notes to Consolidated Financial Statements.

SOCRESOURCES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

	Common Stock (Note 20)		Additional Paid-in Capital	Retained Earnings (Note 20)		Other Comprehensive Income			Total
	Issued	Subscribed		Appropriated	Unappropriated	Unrealized Valuation Gains on Equity Investments Assets - net (Note 9)	Actuarial Gains on Defined Benefit Plan (Note 17)	Treasury at FVTOCI (Note 20)	
BALANCES AT DECEMBER 31, 2015	P600,559,569	P76,500,000	P72,272,140	P500,000,000	P362,306,250	P5,597,730	P188,093	(P4,961,650)	P1,612,462,132
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
Net loss	—	—	—	—	(26,264,472)	—	—	—	(26,264,471)
Other comprehensive income (loss)	—	—	—	—	—	736,513	(35,236)	—	701,277
Total comprehensive income (loss)	—	—	—	—	(26,264,472)	736,513	(35,236)	—	(25,563,194)
BALANCES AT DECEMBER 31, 2017	P600,559,569	P76,500,000	P72,272,140	P745,000,000	P116,806,638	P14,449,049	P348,621	(P4,961,650)	P1,620,974,368
BALANCES AT JANUARY 1, 2018	P600,559,569	P76,500,000	P72,272,140	P745,000,000	P116,806,638	P14,449,049	P348,621	(P4,961,650)	P1,620,974,368
Effect of adoption PFRS 9, <i>Financial Instruments</i>	—	—	—	—	105,372	(105,372)	—	—	—
BALANCES AT JANUARY 1, 2018, AS ADJUSTED	600,559,569	76,500,000	72,272,140	745,000,000	116,912,010	14,343,677	348,621	(4,961,650)	1,620,974,368
Net income	—	—	—	—	7,835,453	—	—	—	7,835,453
Other comprehensive income	—	—	—	—	—	7,299,437	881,200	—	8,180,637
Total comprehensive income	—	—	—	—	7,835,453	7,299,437	881,200	—	16,017,090
BALANCES AT DECEMBER 31, 2018	P600,559,569	P76,500,000	P72,272,140	P745,000,000	P124,748,464	P21,643,114	P1,229,821	(P4,961,650)	P1,636,991,458

See accompanying Notes to Consolidated Financial Statements.

SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	₱13,086,704	(₱22,819,662)	₱27,137,988
Adjustments for:			
Interest income (Notes 4, 5 and 9)	(17,656,548)	(12,896,876)	(13,195,736)
Depreciation and amortization (Note 10)	2,872,208	2,422,066	2,685,275
Gain on repossession (Note 16)	(1,147,589)	(4,170,772)	(15,398,166)
Retirement benefit cost (Note 17)	657,461	543,738	561,193
Dividend income (Note 9)	(409,612)	(350,056)	(343,869)
Unrealized foreign exchange gains	(327,811)	(25,803)	(328,198)
Realized gain on financial assets measured at FVTOCI (Note 9)	(84,419)	—	—
Research and development cost	42,750	—	—
Gain on redemption of UITF (Note 9)	(7,326)	(257,841)	—
Operating income (loss) before working capital changes	(2,974,182)	(37,555,206)	1,118,487
Decrease (increase) in:			
Accounts receivables	74,688,791	35,263,823	48,007,270
Contract assets	(59,457,026)	—	—
Real estate inventories	27,108,365	(6,576,656)	44,560,196
Prepayments and other current assets	5,862,910	13,053,876	(9,306,128)
Due from a related party	(39,084)	(12,583)	(12,583)
Increase (decrease) in:			
Contract liabilities	97,842,469	—	—
Accounts payable and other liabilities	(77,697,827)	14,072,323	(38,210,043)
Cash flows generated from operations	65,334,416	18,245,577	46,157,199
Interest received	16,896,131	9,646,610	13,174,504
Income taxes paid, including creditable withholding taxes	(4,748,976)	(5,373,312)	(1,373,128)
Net cash flows from operating activities	77,481,571	22,518,875	57,958,575
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Sale of short-term investments	255,823,471	—	—
Redemption of UITF (Note 9)	10,197,117	130,257,841	—
Acquisitions of:			
Short-term investments (Note 5)	—	(252,573,205)	—
AFS financial assets (Note 9)	—	(140,000,000)	—
Property and equipment (Note 11)	(4,027,560)	(2,606,138)	(281,129)
Dividends received (Note 9)	399,628	251,168	343,869
Decrease (increase) in other noncurrent assets	397,791	—	—
Net cash flows from (used in) investing activities	262,790,447	(264,670,334)	62,740
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	327,811	25,803	328,198
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	340,599,829	(242,125,656)	58,349,513
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	115,032,410	357,158,066	298,808,553
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱455,632,239	₱115,032,410	₱357,158,066

See accompanying Notes to Consolidated Financial Statements.

SOCRESOURCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Corporate Information

SOCResources, Inc., (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 25, 1992, 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, SOC Land 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, 2018 and 2017 and for each of the three years in the period ended December 31, 2018 were approved and authorized for issue by the BOD on April 10, 2019.

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, debt instruments designated at fair value through profit or loss (FVTPL) and equity investments at fair value through other comprehensive income (FVTOCI) 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).

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 that the Group has adopted the following new accounting pronouncements starting January 1, 2018. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

Effective beginning or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

The Group has no share-based payment transaction. Accordingly, these amendments are not relevant to the Group's financial statements.

- Amendments to PFRS 4, *Insurance Contracts*, Applying PFRS 9, *Financial Instruments*, with PFRS 4

The amendments address concerns arising from implementing the new financial instruments standard, PFRS 9, before implementing PFRS 17, *Insurance Contracts*, which replaces PFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach.

The amendments are not applicable since the Group has no activities that are connected with insurance or issue insurance contracts.

- Amendments to Philippine Accounting Standard (PAS) 28, *Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments are not applicable since the Group is not a venture capital organization or qualifying entity.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments did not have any material impact to the Group.

- Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC)-22, *Foreign Currency Transactions and Advance Consideration*

The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

These amendments did not have any material impact to the Group.

- PFRS 9, *Financial Instruments*

PFRS 9 replaces PAS 39, *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied PFRS 9 using the modified retrospective approach, with an initial application date of January 1, 2018. In accordance with the transitional provisions of PFRS 9, comparative figures have not been restated.

The impact of the adoption is described below:

(a) *Classification and measurement*

Under PFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through other comprehensive income (FVTOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, January 1, 2018, and then applied to those financial assets that were not derecognized before January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of PFRS 9 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under PAS 39.

As a result of adoption of PFRS 9, the Group's cash and cash equivalents, receivables (excluding advances to suppliers and contractors), and refundable deposits (included under other current assets) classified as loans and receivables as at December 31, 2017 are classified and measured as debt instruments at amortized cost beginning January 1, 2018. These are held to collect contractual cash flows and give rise to cash flows representing SPPI.

The following are the changes in the classifications of the Group's financial assets.

- Cash and cash equivalents, short-term investments, receivables (excluding advances to suppliers and contractors), security deposit presented under prepayments and other current assets and due from related parties previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortized cost beginning January 1, 2018.
- Unit investment trust funds (UITF) previously classified as available-for sale (AFS) financial assets are classified and measured as debt instruments designated at FVTPL beginning January 1, 2018. The Parent Company expects not only to hold the assets to collect contractual cash flows, but also to sell a significant amount on a relatively frequent basis.
- Golf club shares previously classified as AFS financial assets are classified and measured as equity instruments measured at FVTOCI beginning January 1, 2018. The Parent Company elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future. There were no impairment losses recognized in profit or loss for these investments in prior periods.
- Listed equity investments previously classified as AFS financial assets are classified and measured as equity instruments measured at FVTOCI beginning January 1, 2018.

As a result of the change in classification of the Parent Company's UITF, the AFS reserve of ₱0.11 million related to those investments that were previously presented under accumulated OCI, was reclassified to retained earnings as at January 1, 2018, resulting in a decrease in other components of equity and an increase in retained earnings of ₱0.11 million.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

In summary, upon the adoption of PFRS 9, the Group had the following required or elected reclassifications as at January 1, 2018:

PAS 39 measurement category	Balances	PFRS 9 measurement category		
		Fair value through profit or loss	Amortized cost	Fair value through OCI
<i>Loans and receivables</i>				
Cash in banks and cash equivalents	₱114,912,497	₱—	₱114,912,497	₱—
Receivables	113,166,745	—	113,166,745	—
Refundable deposits	2,765,484	—	2,765,484	—
Due from related party	191,619	—	191,619	—
(Forward)				

	Balances	PFRS 9 measurement category		
		Fair value through profit or loss	Amortized cost	Fair value through OCI
<i>AFS financial assets</i>				
Shares of stock	P20,200,708	P—	P—	P20,200,708
Golf club shares	24,250,000	—	—	24,250,000
UITF	10,105,372	10,105,372	—	—
	P285,592,425	P10,105,372	P231,036,345	P44,450,708

(b) *Impairment*

The adoption of PFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PFRS 9 requires the Group to record an allowance for impairment losses for all loans and other debt financial assets not held at fair value through profit or loss (FVPL). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate (EIR). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For installment contracts receivables (ICR) presented under receivables and contract assets, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group used the vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given ICR pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

In addition to life of loan loss data, primary drivers like macroeconomic indicators of qualitative factors such as forward looking data on interest rate, unemployment rate and inflation rates were added to the expected loss calculation to reach a forecast supported by both quantitative and qualitative data points.

The key inputs in the model include the Group's definition of default and historical data of 5 years for the origination, maturity date and default date. The Group considers an ICR in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The probability of default is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating loss given default, accounts are segmented based on facility/collateral type and completion. In calculating the recovery rates, the Group considered collections of cash

and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, association dues, refurbishment, payment required under Maceda law, cost to complete (for incomplete units).

As these are future cash flows, these are discounted back to the time of default using the appropriate EIR, usually being the original EIR or an approximation thereof.

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

- PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 supersedes PAS 11, *Construction Contracts*, PAS 18, *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be 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.

PFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted PFRS 15 using the modified retrospective method of adoption with the date of initial application of January 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts not yet completed as at January 1, 2018.

On February 14, 2018, the Philippines Interpretation Committee (PIC) issued PIC Q&A 2018-12 (PIC &A) which provides guidance on some implementation issues of PFRS 15 affecting real estate industry. On October 25, 2018 and in February 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC Memorandum Circular No. 14 Series of 2018 providing relief to the real estate industry by deferring the application of the following provisions of the above PIC Q&A for a period of 3 years:

- a. Exclusion of land and uninstalled materials in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
- b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
- c. Accounting to Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 2018-12-H

Under the same SEC Memorandum Circular, the adoption of PIC Q&A No. 2018-14: PFRS 15 - Accounting for Cancellation of Real Estate Sales was also deferred.

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

- a. The accounting policies applied
- b. Discussion of the deferral of the subject implementation issues in the PIC Q&A
- c. Qualitative discussion of the impact in the financial statements had the concerned application guideline in the PIC Q&A been adopted.
- d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, *Accounting Policies, Change in Accounting Estimates and Error*, i.e., retrospectively, together with the corresponding required quantitative disclosures.

Except for the CUSA charges discussed under PIC Q&A No. 2018-12-H which applies to leasing transactions, the above deferral will only be applicable for real estate sales transactions.

Effective January 1, 2021, real estate companies will adopt PIC Q&A No. 2018-12 and PIC Q&A No. 2018-14 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

The Group availed of the deferral of adoption of the above specific provisions of PIC Q&A. Had these provisions been adopted, it would have the following impact in the financial statements:

- a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. Interest income would have been recognized for contract assets and interest expense for contract liabilities using EIR method and this would have impacted retained earnings as at January 1, 2018 and the revenue from real estate sales in 2018. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.
- b. Upon sales cancellation, the repossessed inventory would be recorded at fair value plus cost to repossess (or fair value less cost to repossess if this would have been opted). This would have increased retained earnings as at January 1, 2018 and gain from repossession in 2018. Currently, the Group records the repossessed inventory at cost.
- c. The Group records any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables, as contract asset while the excess of collection/ receivable over progress of work is recorded as contract liability.

The effect of adopting PFRS 15 as at January 1, 2018, was as follows:

	As previously reported December 31, 2017	Adjustments	As restated January 1, 2018
Contract assets	P-	P	P
Contract liabilities	-	74,802,540	74,802,540

Set out below, are the amounts by which each financial statement line item is affected as at and for the year ended December 31, 2018 as a result of the adoption of PFRS 15. The adoption of PFRS 15 did not have a material impact on the Group's statement of comprehensive income and statement of cash flows. The first column shows amounts prepared under PFRS 15 and the second column shows what the amounts would have been had PFRS 15 not been adopted:

	Amounts prepared under		Increase (Decrease)
	PFRS 15	Previous PFRS	
ASSETS			
Current Assets			
Receivables (Note 6)	P30,401,369	P57,145,774	(P26,744,405)
Contract assets - current portion (Note 21)	26,744,405	–	26,744,405
Total Current Assets	57,145,774	57,145,774	–
Noncurrent Assets			
Receivables - net of current portion (Note 6)	P15,000,000	P47,712,621	(P32,712,621)
Contract assets - net of current portion (Note 21)	32,712,621	–	32,712,621
Total Noncurrent Assets	47,712,621	47,712,621	–
TOTAL ASSETS	P104,858,395	P104,858,395	P–
LIABILITIES			
Current Liabilities			
Accounts payable and other current liabilities (Note 12)	P50,579,955	P148,422,424	(P97,842,469)
Contract liabilities (Note 21)	97,842,469	–	97,842,469
TOTAL LIABILITIES	P148,422,424	P148,422,424	P–

The adjustments as at January 1, 2018 represents the Group's recording as contract asset (instead of sales contract receivables) any excess of progress of work over the right to an amount of consideration that is unconditional. Meanwhile, the excess of collection over progress of work is recorded as contract liability.

Before the adoption of PFRS 15, contract asset is not presented separately from installment contract receivables while contract liabilities are presented as customers' deposit and unearned income. The above resulted in recording of contract assets of P million and contract liabilities of P74.80 million as of January 1, 2018.

Summary of Accounting Policies

Current versus Noncurrent Classification

The Group presents assets and liabilities in the balance sheet based on whether it is current and noncurrent classification.

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and deferred tax liabilities and accrued retirement benefit liability are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the 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 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.

As of December 31, 2018 and 2017, the Group has no non-financial asset carried at fair value. In addition, the Group has neither assets nor liabilities with recurring and non-recurring fair value measurements.

Cash and Cash Equivalents

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

Short-term Investments

Short-term investments includes investments that the Parent Company has made that is expected to be converted into cash within one year.

Financial Instruments

Financial Instruments – initial recognition and subsequent measurement effective January 1, 2018

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

a. Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortized cost (debt instruments)

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

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

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

The Group's financial assets at amortized cost includes cash and cash equivalents, receivables and refundable deposits.

Derecognition

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

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

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

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

Impairment of financial assets

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

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

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

Subsequent measurement

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

Loans and borrowings

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

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

This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Financial Instruments – initial recognition and subsequent measurement prior to January 1, 2018

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 (FVTPL), 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 FVTPL, loans and receivables, held-to-maturity (HTM) investments and AFS financial assets. Financial liabilities are classified as financial liabilities at FVTPL 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 FVTPL and HTM as of December 31, 2017 and 2016.

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 (excluding advances to suppliers and contractors), due from a related party and refundable deposits.

AFS 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 FVTPL. 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.

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 profit or loss.

Short-term Investments

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

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:

- Cost of land
- 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, which is considered as the properties' deemed cost as at reacquisition date. Any resulting gain or loss is credited or charged 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)

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

The input VAT recoverable from the taxation authority is included as part of “Prepayments and other current assets” or “Other noncurrent asset”, 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:

<u>Asset Type</u>	<u>Number of years</u>
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 Group has issued common stocks that are classified as equity. Common stock is measured at par value for all shares issued.

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

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

Retained Earnings

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

Appropriated retained earnings represent 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 Recognition effective January 1, 2018

Revenue from Contract with Customers

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

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

Real estate sales

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

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate

project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

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

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables, under trade receivables, is included in the "contract asset" account in the asset section of the balance sheets.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the balance sheets.

Cost recognition

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

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

Contract Balances

Receivables

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

Contract assets

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

Contract liabilities

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

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

Costs to obtain contract

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

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

Contract fulfillment assets

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

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

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

Amortization, de-recognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract

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

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

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

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

Revenue Recognition prior to January 1, 2018

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.

Revenue Recognition Applicable to Both Periods Presented

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 AFS Financial Assets

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

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
- Re-measurements of net defined benefit liability or asset

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

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

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

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

Research and Development Costs

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

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

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

Income Taxes

Current Income Tax

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

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability and is presented as "Income tax payable" account in the 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 (loss) per share is computed by dividing net income (loss) for the year attributable to equity holders of the Group by the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends or stock splits, if any, declared during the year.

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

Foreign Currency-denominated Transactions

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

Leases

The 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.

Future Changes in Accounting Policies

The following standards and interpretations will become effective subsequent to 2018. Except as otherwise indicated, the Group does not expect the adoption of the applicable new and amended PFRS and Philippine Interpretations to have a significant impact on the financial statements. The relevant disclosures will be included in the notes to the financial statements when these become effective.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- PFRS 16, *Leases*

PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group is currently assessing the impact of adopting PFRS 16.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
- Annual Improvements to PFRSs 2015-2017 Cycle
 - Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*
 - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
 - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

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

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

Existence of a contract (PFRS 15)

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

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

Revenue recognition method and measure of progress (PFRS 15)

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

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

The Group real estate sales amounted to ₱137.58 million in 2018.

Identifying performance obligation (PFRS 15)

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

Revenue Recognition (PAS 18)

Selecting the appropriate revenue recognition method for particular real estate transaction requires certain judgments based on the following, among others:

- *Buyer's continuing commitment to the sales agreement*
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 gives the buyer a sufficient stake in the property that risk of loss through default motivates the buyer to honor his obligation. Collectability is also assessed by considering factors such as the credit standing of the buyer, age, and location of the property.

For sale of real estate properties, in determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer of about 25% would demonstrate the buyer's commitment to pay.

- *Stage of completion of the project*
The Group commences the recognition of revenue from sale of uncompleted projects where the POC method is used when the POC, as determined by project engineers employed by the Group, is already beyond the preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the house unit foundation are finished).

The Group's real estate sales amounted to ₱64.93 million in 2017.

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 statements of financial position.

The Group determines the classification at initial recognition and re-evaluates this designation at every balance sheet date. The fair values of financial assets and financial liabilities are presented in Note 19.

Assessment of Impairment of Nonfinancial Assets

The Group assesses impairment on other current assets and property and equipment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

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

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

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

As of December 31, 2018 and 2017, there were no impairment indicators that would lead to impairment analysis.

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.

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 Parent Company 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 Parent Company's financial assets and liabilities are disclosed in Note 18.

Impairment Losses on Receivables, Security Deposit and Due from Related Parties – PFRS 9

The Parent Company reviews the balance of receivables, security deposit and due from related parties at each reporting date to assess whether impairment losses should be recorded in profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. In addition to specific allowance against individually significant receivables, the Parent Company also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This collective allowance is based on any deterioration in the Parent Company's assessment of the accounts since their inception.

There was no allowance for impairment losses on receivables, security deposit and due from related parties as of December 31, 2018. The aggregate carrying amount of receivables, security deposit and due from related parties amounted to ₱1,006.48 million and ₱1,114.94 million as of December 31, 2018 (see Notes 6, 7 and 15).

Impairment of AFS Financial Assets – PAS 39

The Parent Company treats financial assets at FVTOCI 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 Parent Company treats 'significant' generally as 20% or more of the cost of financial assets and 'prolonged' if greater than six months. In addition, the Parent Company 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 Parent Company also considers the ability of the investee to provide dividends.

The carrying amounts of AFS financial assets amounted to ₱53.45 million as of December 31, 2017 (see Note 8). The change in the fair value of the financial assets is recorded as “Unrealized valuation gains on AFS financial assets” account in the equity section of the parent company statements of financial position. As of December 31, 2017, the unrealized valuation gains on AFS financial assets amounted to ₱14.45 million, respectively (see Note 8).

Impairment of Equity Investments at FVTOCI – PFRS 9

There is no more impairment loss on equity investments at FVTOCI. Accordingly, if the decline in value of the equity investments is judged to be nontemporary, the unrealized loss will continue to be reported as component of other comprehensive income.

The carrying amounts of equity investments at FVTOCI amounted to ₱52.29 million as of December 31, 2018 (see Note 8). The change in the fair value of the equity investments is recorded as “Unrealized valuation gains on equity investments at FVTOCI” account in the equity section of the parent company statements of financial position. As of December 31, 2018, the unrealized valuation gains on equity investments at FVTOCI amounted to ₱21.64 million (see Note 8).

Revenue and Cost Recognition

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

Real estate sales and cost of real estate sales amounted to ₱137.58 million and ₱65.72 million in 2018 and ₱64.93 million and ₱33.41 million in 2017, respectively (see Notes 7 and 22).

Provision for ECL (PFRS 9) - Effective starting January 1, 2018

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for its receivables.

The vintage analysis is initially based on the Group’s historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product, bank lending rate) are expected to deteriorate over the next year which can lead to an increased number of defaults in the retail and consumer product sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

No allowance for ECL was recognized in 2018. The carrying values of receivables as of December 31, 2018 amounted to ₱45.40 million (see Note 6).

Estimation of Allowance for Impairment of Loans and Receivables (PAS 39)

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.

No provision for impairment loss was recognized in 2018. Receivables amounted to ₱45.40 million as of December 31, 2018 (see Note 6).

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 ₱1,066.9 million and ₱1,092.9 million as of December 31, 2018 and 2017, respectively. In 2018 and 2017, the Group assessed that the NRV of real estate inventories is higher than cost, hence the Group did not recognize any losses on write down of real estate inventories (see Note 7).

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 ₱0.40 million and ₱5.6 million as of December 31, 2018 and 2017, respectively (see Note 18).

4. Cash and Cash Equivalents

	2018	2017
Cash on hand and in banks	₱39,035,047	₱47,512,928
Cash equivalents	416,597,192	67,519,482
	₱455,632,239	₱115,032,410

Cash in banks amounting to ₱38.87 million earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. Interest income earned amounted to ₱7.12 million, ₱1.68 million and ₱2.60 million in 2018, 2017 and 2016, respectively.

5. Short-Term Investments

In 2017, the Parent Company acquired investments in government securities bearing interest ranging from 2.85% to 3.00%, maturing in 2018. The Parent Company sold the short-term investments upon maturity. Interest earned during the year amounted to ₱3.3 million.

6. Receivables

	2018	2017
Installment contract receivables	₱3,631,778	₱74,438,231
Advances to:		
Officers and employees	19,181,478	19,792,193
Suppliers and contractors	6,012,926	6,153,014
(Forward)		

Agents	P2,047,642	P1,031,968
Other receivables	14,527,545	17,904,353
	45,401,369	119,319,759
Less current portion of receivables	(30,401,369)	(57,477,913)
	P15,000,000	P61,841,846

- 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 monthly interest rates of 14.0% to 16.0% in 2018 and 2017 computed on the diminishing balance.

Interest income earned amounted to P17.66 million, P17.65 million and P7.9 million in 2018, 2017 and 2016, 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 and Condominium Corporation.

7. Real Estate Inventories

	2018	2017
Condominium and residential units	P588,109,747	P592,595,104
Subdivision projects for development	341,723,243	340,795,837
Lot inventory	137,075,258	159,478,083
	1,066,908,248	1,092,869,024
Less current portion of real estate inventories	880,458,327	904,056,020
	P186,449,921	P188,813,004

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

	2018	2017
Balances at beginning of year	P1,092,869,024	P1,082,121,596
Development costs incurred (Note 25)	24,513,196	25,614,877
Repossessed inventories	15,241,968	18,544,300
Disposals recognized as cost of real estate sales	(65,715,940)	(33,411,749)
	P1,066,908,248	P1,092,869,024

8. Prepayments and Other Current Assets

	2018	2017
Input VAT - net of noncurrent portion (Note 12)	P35,996,245	P33,215,691
Prepaid taxes	27,483,604	22,931,918
Refundable deposits (Note 25)	3,195,444	2,772,036
Others	144,864	104,258
	P66,820,157	P59,023,903

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

9. AFS Financial Assets/Equity Investments at FVTOCI

	2018	2017
Shares of stock	₱17,040,036	₱19,090,599
Golf club shares	35,250,000	24,250,000
Unit investment trust funds (UITF)	–	10,105,372
	₱52,290,036	₱53,445,971

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

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 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 market transactions on an arm's length basis.

Dividend income earned from AFS financial assets/equity investments at FVTOCI amounted to ₱0.41 million and ₱0.35 million in 2018 and 2017, respectively.

In 2018, ₱10.1 million UITF were redeemed. Gain on redemption of UITF amounted to ₱0.007 million.

The roll forward of net changes in fair value of equity investments at FVTOCI during the years ended December 31 are as follows:

	2018	2017
Balances at beginning of year	₱14,449,049	₱13,712,536
Fair value adjustments	7,299,437	736,513
Effect of adoption of PFRS 9	(105,372)	–
Balances at end of year	₱21,643,114	₱14,449,049

10. Debt Instruments at FVTPL

This account pertains to investment in UITF from China Banking Corporation (CBC), previously classified as available-for sale (AFS) financial assets, which was reclassified and measured as debt instruments designated at FVTPL beginning January 1, 2018. The reconciliation of the carrying amounts of debt investments at FVTPL as of December 31, 2018 follows:

Balance at beginning of year, as previously reported	₱–
Adoption of PFRS 9	10,105,372
Balance at beginning of year, as adjusted	10,105,372
Fair value adjustments	84,419
Disposal during the year	(10,189,791)
Balances at end of year	₱–

In 2018, investment in UITF with carrying amount of ₱10.19 million was sold for ₱10.20 million. Gain on disposal recognized in profit or loss amounted to ₱0.01 million.

11. Property and Equipment

December 31, 2018

	Land	Building	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	₱16,336,217	₱18,734,059	₱10,568,419	₱15,037,828	₱5,499,981	₱66,176,504
Additions	—	1,319,221	1,535,041	1,173,298	—	4,027,560
Disposals	—	—	(62,635)	—	—	(62,635)
Balances at end of year	16,336,217	20,053,280	12,040,825	16,211,126	5,499,981	70,141,429
Accumulated depreciation and amortization						
Balances at beginning of year	—	5,407,847	9,214,559	13,825,825	2,861,584	31,309,815
Depreciation and amortization (Notes 14 and 15)	—	936,587	636,754	342,967	955,900	2,872,208
Disposals	—	—	(19,884)	—	—	(19,884)
Balances at end of year	—	6,344,434	9,831,429	14,168,792	3,817,484	34,162,139
Net book values	₱16,336,217	₱13,708,846	₱2,209,396	₱2,042,334	₱1,682,497	₱35,979,290

December 31, 2017

	Land	Building	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	₱16,336,217	₱18,734,059	₱9,453,520	₱13,762,035	₱5,499,981	₱63,785,812
Additions	—	—	1,330,345	1,275,793	—	2,606,138
Disposals	—	—	(215,446)	—	—	(215,446)
Balances at end of year	16,336,217	18,734,059	10,568,419	15,037,828	5,499,981	66,176,504
Accumulated depreciation and amortization						
Balances at beginning of year	—	4,471,145	8,964,331	13,762,035	1,905,684	29,103,195
Depreciation and amortization (Notes 14 and 15)	—	936,702	465,674	63,790	955,900	2,422,066
Disposals	—	—	(215,446)	—	—	(215,446)
Balances at end of year	—	5,407,847	9,214,559	13,825,825	2,861,584	31,309,815
Net book values	₱16,336,217	₱13,326,212	₱1,353,860	₱1,212,003	₱2,638,397	₱34,866,689

As of December 31, 2018 and 2017, the cost of fully depreciated property and equipment amounted to ₱19.0 million and ₱22.1 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.

12. Other Noncurrent Asset

Other noncurrent asset consist of input VAT that is expected to be offset against output VAT in more than one year. As of December 31, 2018 and 2017 deferred input VAT amounted to ₱17.9 million and ₱27.5 million, respectively.

13. Accounts Payable and Other Liabilities

	2018	2017
Accrued contractors' payables	₱38,012,562	₱38,117,214
Accounts payable - trade	10,415,146	4,187,366
Retention payables (Note 25)	861,630	6,579,480
Accrued expenses	797,711	5,881,972
Government payables	492,906	814,775
Customers' deposits and unearned income	—	72,696,975
	₱50,579,955	₱128,277,782

- a. Accrued contractors' payables represent accruals for billings of various contractors in relation to the Anuva and Althea Project. These accruals are reclassified to accounts payable once billings are actually received.
- b. Accounts payable includes billings of various suppliers and contractors for liabilities incurred in relation to the project and office administrative functions. Accounts payable are noninterest-bearing with payment terms which are dependent on the suppliers' or contractors' credit terms, which is generally 30 to 60 days.
- c. 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 are remitted the month following the month of withholding.
- e. Customers' deposits and unearned income include collections received from buyers which (a) have not met the revenue recognition criteria and/or (b) have met the revenue recognition criteria but the collections received are greater than the recognized instalment contracts receivable based on the percentage-of-completion. This is reclassified to contract liabilities in 2018 (see Note 21).

14. General and Administrative Expenses

	2018	2017	2016
Personnel costs	P17,155,866	P14,332,014	P12,927,854
Property management expense	15,056,283	—	3,446,488
Professional fees	4,841,573	4,539,331	4,102,886
Research and development expenses	4,472,601	3,237,382	2,894,414
Travel and transportation	4,108,080	6,162,977	8,333,946
Rent and utilities (Note 25)	2,844,627	2,672,171	3,992,098
Depreciation and amortization (Note 11)	2,815,068	2,417,031	2,604,688
Taxes and licenses	2,377,972	4,800,610	4,402,618
Outside services	1,558,801	2,049,722	2,688,842
Telecommunications and postage	1,328,307	1,085,619	1,133,431
Dues and subscription	788,870	790,151	825,475
Supplies	618,274	792,439	849,018
Repairs and maintenance	635,758	613,383	669,447
Exploration cost	356,745	—	—
Entertainment and representation	221,139	186,617	746,425
Trainings and seminars	206,350	219,595	298,897
Insurance	60,437	53,957	709,652
Interest, penalties and charges	—	5,100,832	4,300,000
Others	1,637,277	1,749,121	1,444,759
	P61,084,028	P50,802,952	P56,370,938

Others include bank charges and other miscellaneous costs.

Personnel costs consist of:

	2018	2017	2016
Salaries and wages	₱14,683,750	₱12,355,838	₱11,029,065
Short term employee benefits	1,814,655	1,432,438	1,337,596
Retirement benefits cost (Note 17)	657,461	543,738	561,193
	₱17,155,866	₱14,332,014	₱12,927,854

15. Sales and Marketing Expenses

	2018	2017	2016
Commissions and incentives	₱10,927,096	₱8,365,312	₱4,830,254
Consultancy fees	8,141,387	7,268,606	2,958,462
Product presentation	2,347,192	4,485,533	4,350,491
Advertising	1,868,652	805,368	861,542
Rent and utilities (Note 25)	706,140	914,643	833,708
Travel and transportation	218,322	237,899	146,761
Telecommunications and postage	67,206	334,330	243,899
Depreciation and amortization (Note 11)	57,140	5,035	80,587
Others	178,429	38,934	35,189
	₱24,511,564	₱22,455,660	₱14,340,893

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

16. Other Income - Net

	2018	2017	2016
Forfeited buyer deposits	₱3,708,245	₱7,312,900	₱19,163,258
Gain on repossession	1,147,589	4,170,772	15,398,166
Penalty income and late payment charges	1,028,533	477,394	602,679
Write-off of other assets	(3,150,911)	(7,473,163)	—
Others - net	5,603,125	900,261	5,705,123
	₱8,336,581	₱5,388,164	₱40,869,226

- 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 as the Group assessed that these will no longer be collected by the suppliers, among others.

17. Retirement Benefit Obligation

The Group has an unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. RA No. 7641 (“Retirement Pay Law”), an act amending article 287 of Presidential Decree No. 442 (“Labor Code of the Philippines”), requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The latest actuarial valuation report is as at December 31, 2018.

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

	2018	2017	2016
Current service cost	P435,961	P380,962	P382,704
Interest cost	221,500	162,776	178,489
	P657,461	P543,738	P561,193

Amounts recognized in other comprehensive income pertaining to actuarial gain (loss) amounted to P1,171,399, (P29,453) and P96,525, in 2018, 2017 and 2016, respectively.

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

	2018	2017
Beginning	P4,795,410	P4,222,219
Current service cost	435,961	380,962
Interest cost	221,500	162,776
Actuarial gain (loss) due to:		
Experience adjustments	(479,471)	183,250
Change in demographic assumptions	195,069	(15,237)
Change in assumptions	(886,997)	(138,560)
Ending	P4,281,472	P4,795,410

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

	2018	2017
Discount rate	7.00%-7.31%	4.30%-5.82%
Future salary increase	3.00%-5.00%	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, 2018

	Increase (decrease) in basis points (bps)	Effect on retirement benefit obligation
Discount rate	100 bps	(P111,985)
	(100 bps)	128,027
Future salary increase rate	100 bps	133,309
	(100 bps)	(118,122)

December 31, 2017:

	Increase (decrease) in basis points (bps)	Effect on retirement benefit obligation
Discount rate	100 bps	(P216,058)
	(100 bps)	250,785
Future salary increase rate	100 bps	245,848
	(100 bps)	(216,237)

The estimated weighted average duration of benefit payment is 18 years and 17 years as of December 31, 2018 and 2017, respectively.

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

	2018	2017
Less than one year	P3,615,068	P2,394,725
More than one year to 10 years	719,370	1,824,727
More than 10 years to 30 years	11,560,798	14,347,825

18. Income Taxes

- The Parent Company has no provision for current income tax in 2018, 2017, and 2016. The Subsidiary's current provision for income tax represents MCIT in 2018, 2017 and 2016.
- 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:

	2018	2017	2016
Provision for (benefit from) income tax computed at statutory tax rate	P3,926,011	(P6,845,899)	P8,141,396
Additions to (reductions in) income tax resulting from:			
Interest income subjected to final tax	(3,357,676)	(1,502,417)	(1,314,158)
Nondeductible expenses	978,066	5,479,081	3,580,517
Nontaxable income	(150,407)	(182,369)	(103,161)
Movements in deductible temporary differences, NOLCO and excess MCIT over RCIT for which no deferred income tax assets were recognized	3,854,257	6,496,413	(8,931,466)
Provision for income tax	P5,250,251	P3,444,809	P1,373,128

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

	2018	2017
Deferred income taxes recognized in profit or loss		
Deferred tax assets:		
NOLCO	P397,852	P1,397,404
Excess MCIT over RCIT	–	3,863,616
Retirement benefit obligation	–	307,699
	P397,852	5,568,719
Deferred tax liabilities:		
Difference between tax and book basis of accounting for real estate transactions	(1,364,395)	(1,674,766)
Gain on repossession	(6,214,958)	(5,870,682)
Unrealized foreign exchange gain	(289,775)	(191,432)
	(7,869,128)	(7,736,880)
	(7,471,276)	(2,168,161)
Deferred income tax liabilities recognized in other comprehensive income:		
Fair value changes of AFS financial assets	(3,498,750)	(1,848,750)
Actuarial gains on defined benefit plan	–	(5,783)
	(3,498,750)	(1,854,533)
	(P10,970,026)	(P4,022,694)

- 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:

	2018		2017	
	Gross Amount	Tax Effect	Gross Amount	Tax Effect
NOLCO	P33,611,173	P10,083,352	P40,023,610	P12,007,083
Pension liability	3,921,215	1,176,365	3,789,024	1,136,707
Allowance for impairment losses on financial assets at FVTOCI	7,263	2,179	7,263	2,179
	P37,539,615	P11,261,896	P43,819,897	P13,145,969

- 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, 2017	Addition (Applied)	Expired	Balance as of December 31, 2018	Tax effect	Available Until
2015	P22,969,411	P–	P22,969,411	P–	P–	2018
2016	10,748,890	–	–	10,748,890	3,224,667	2019
2017	10,989,125	–	–	10,989,125	3,296,738	2020
2018	–	12,839,075	–	12,839,075	3,851,723	2021
	P44,681,623	(P12,839,075)	(P22,943,608)	P22,943,608	P13,412,228	

Excess MCIT over RCIT

Year Incurred	Balance as of December 31, 2017	Addition	Expired	Balance as of December 31, 2018	Tax effect	Available Until
2016	P1,213,840	P—	P1,213,840	P—	P—	2018
2017	1,373,128	—	1,373,128	—	—	2019
2018	1,276,648	P—	1,276,648	—	—	2020
	P3,863,616	P—	P3,863,616	P—	P—	

19. Related Party Disclosures

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

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

	Amount/volume		Outstanding balance		Terms	Conditions
	2018	2017	2018	2017		
South China Petroleum International (SCPI) Due from a related party	P109,039,084	P12,583	P230,703	P191,619	Due and demandable	Unsecured; No impairment

- 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 P3.9 million, P4.2 million and P4.2 million in 2018, 2017 and 2016, respectively.

20. Equity

a. Common Stock

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

	No. of Shares	Amount
Authorized - ₱1 par value	1,000,000,000	₱1,000,000,000
Issued	600,559,569	600,559,569
Subscribed	306,000,000	306,000,000
Treasury	4,961,650	(4,961,650)
Total issued and outstanding		₱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 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.

The retained earnings are restricted for dividend declaration for the portion pertaining to deferred income tax assets and unrestricted earnings of subsidiaries.

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.

21. Basic/Diluted Earnings (Loss) Per Share

	2018	2017	2016
Net income (loss)	₱7,836,453	(₱26,270,254)	₱25,764,860
Weighted average number of shares	901,597,919	901,597,919	901,597,919
Basic/Diluted Loss per Share	₱0.0087	(₱0.0291)	₱0.0286

There are no dilutive potential common shares outstanding as of December 31, 2018, 2017 and 2016.

22. Revenue from Contracts with Customers

a. Disaggregated Revenue Information

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

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

Segments	For the year ended December 31, 2018			
	Lot/House and Lot	Condominium	Parking Lot	Total
Type of goods				
Sale of lot and house and lot	P111,859,740	P-	P-	P111,859,740
Sale of condominium unit	-	23,909,029	-	23,909,029
Sale of parking lot	-	-	1,807,170	1,807,170
Total revenue from contracts with customers	P111,859,740	P23,909,029	P1,807,170	P137,575,939
Timing of revenue recognition				
Goods transferred over time	P111,859,740	P23,909,029	P1,807,170	P137,575,939

b. Contract balances

The Group's contract balances as at December 31, 2018 and January 1, 2018 are as follows:

	December 31	January 1
Contract assets	P59,457,026	P74,438,231
Contract liabilities	97,842,469	74,802,540

Contract assets

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

Breakdown as to current and noncurrent portion of the amount recorded under "Contract assets" account as of December 31, 2018 follows:

Contract assets - current	P26,744,405
Contract assets - noncurrent	32,712,621
	P59,457,026

Contract liabilities

As disclosed in Note 2, the Group adopted PFRS 15 and resulted to reclassification of customers' deposits to "Contract liabilities" amounting to P97.84 million.

23. 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, 2018

	Current	Past due				ECL	Net of ECL
		Less than 30 days	31-60 days	61-90 days	Over 90 days		
Cash and cash equivalents*	P455,470,476	P-	P-	P-	P-	P-	P455,470,476
Receivables**	16,113,022	6,192,916	492,060	274,608	16,315,837	-	39,388,443
Contract assets	59,457,026	-	-	-	-	-	59,457,026
Due from a related party	230,703	-	-	-	-	-	230,703
Refundable deposits	3,195,444	-	-	-	-	-	3,195,444
	P534,466,671	P6,192,916	P492,060	P274,608	P16,315,837	P-	P557,742,092

*Excludes cash on hand.

**Excluding advances to suppliers and contractors.

December 31, 2017

	Neither Past Due Nor Impaired		Past Due But Not Impaired	Total
	High Grade	Standard Grade		
Loans and receivables:				
Cash and cash equivalents*	P114,912,497	P-	P-	P114,912,497
Receivables	39,017	100,471,841	18,808,901	119,319,759
Due from a related party	-	191,619	-	191,619
Refundable deposits	2,772,036	-	-	2,772,036
	P117,723,550	P100,663,460	P18,808,901	P237,195,911

*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, 2017 follows:

Less than 30 days	P1,180,617
31-60 days	-
61-90 days	178,324
More than 90 days	17,449,960
	P18,808,901

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 in the next page 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, 2018

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	P39,035,047	P416,597,192	P-	P-	P455,632,239
Receivables	19,166,549	261,391	-	15,000,000	34,427,940
Contract assets	-	26,744,405	-	32,712,621	59,457,026
Due from a related party	230,703	-	-	-	230,703
Refundable deposits	3,106,524	-	-	-	3,106,524
AFS financial assets:					
Shares of stock	-	-	-	17,040,036	17,040,036
Golf club shares	-	-	-	35,250,000	35,250,000
	P61,538,823	P443,602,988	P-	P100,002,657	P605,144,468
Financial Liability					
Other financial liability:					
Accounts payable and other liabilities*	P861,630	P49,225,419	P-	P-	P51,855,862
Liquidity position (gap)	P60,677,193	(P394,377,569)	P-	P100,002,657	P553,288,606

December 31, 2017

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	P115,032,410	P4,098,888	P-	P-	P119,131,298
Receivables	18,808,901	25,317,940	7,198,058	61,841,846	113,166,745
Due from a related party	191,619	-	-	-	191,619
Refundable deposits	2,765,484	-	-	-	2,765,484
AFS financial assets:					
Shares of stock	-	-	-	20,200,708	20,200,708
Golf club shares	-	-	-	24,250,000	24,250,000
UITF	-	10,105,372	-	-	10,105,372
	P136,798,414	P39,522,200	P7,198,058	P106,292,554	P289,811,226
Financial Liability					
Other financial liability:					
Accounts payable and other liabilities*	6,603,170	45,252,692	-	-	51,855,862
Liquidity position (gap)	P132,234,261	(P5,730,492)	P7,198,058	P106,292,554	P239,994,381

*Excluding government payables and customers' deposits and unearned income

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 2018 and 2017, 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 P5.3 million and P5.3 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 ₱0.33 million, ₱0.03 million ₱0.33 million for the years ended December 31, 2018, 2017 and 2016. The exchange rate of Peso to US\$ as of December 31, 2018, 2017 and 2016 used in translating the US\$-denominated financial instruments is ₱52.58, ₱49.93 and ₱49.72, 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:

2018			
Movement in US\$ rates	Effect on net income	Movement in US\$ rates	Effect on net income
+5%	(₱326,042)	+3%	(₱185,369)
-5%	326,042	-3%	185,369

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

The carrying amounts of cash and cash equivalents, 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.

Receivables

Fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar instruments.

AFS financial assets/Equity Instruments at FVTOCI

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

Fair Value Hierarchy

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

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

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

	2018		2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Shares of stock	P17,040,036	P17,040,036	P19,090,599	P19,090,599
Golf club shares	35,250,000	35,250,000	24,250,000	24,250,000
UITF	–	–	10,105,372	10,105,372
Installment contract receivables	–	3,631,778	85,450,217	74,438,231
Total	P	P55,921,814	P138,896,188	P127,884,202

The Group's financial instrument carried at fair value consists of equity shares which has been determined by reference to the price of the most recent transaction at the end of reporting period (Level 1), golf club shares which has been determined by reference to published price quotation, and UITF which has been determined by reference to net asset value per unit at the end of reporting period.

As of December 31, 2018 and 2017, 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 2018 and 2017.

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

	2018	2017
Common stock	P600,559,569	P600,559,569
Subscribed common stock - net	76,500,000	76,500,000
Additional paid-in capital	72,272,140	72,272,140
Retained earnings	869,748,463	861,800,856
Treasury stock	(4,961,650)	(4,961,650)
	P1,614,118,522	P1,606,170,915

24. 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, 2018.

December 31, 2018

	Real Estate Development	Investment	Total	Eliminations	Consolidated
Segment results					
Income (loss) before income tax	P18,767,443	(P5,680,739)	P13,086,704	P-	P13,086,704
Provision for income tax	5,350,251	-	5,250,251	-	5,250,251
Net loss	P13,517,192	(P5,680,739)	P7,836,453	P-	P7,936,453
Assets					
Segment assets	P1,316,917,477	P1,484,948,143	P2,801,865,620	(P1,001,200,241)	P1,800,665,379
Investments	-	322,298,000	322,298,000	(322,298,000)	-
	P1,316,917,477	P1,807,246,143	P3,124,163,620	(P1,323,498,421)	P1,800,665,379
Segment liabilities					
Depreciation and amortization	P1,156,555,253	P8,318,910	P1,164,874,163	(P1,001,200,241)	P163,673,922
Interest income	2,284,640	587,568	2,872,208	-	2,872,208
	7,731,902	9,924,646	17,656,548	-	17,656,548

December 31, 2017

	Real Estate Development	Investment	Consolidated	Eliminations	Total
Segment results					
Loss before income tax	(P14,440,921)	(P8,378,741)	(P22,819,661)	P-	(P22,819,662)
Provision for income tax	3,444,809	-	3,444,809	-	3,444,809
Net loss	(P17,885,730)	(P8,378,741)	(P26,264,471)	P-	(P26,264,471)
Assets					
Segment assets	P1,481,505,794	P1,387,093,361	P2,868,599,155	(P1,110,528,901)	P1,758,070,254
Investments	-	322,298,000	322,298,000	(322,298,000)	-
	P1,481,505,794	P1,806,571,323	P3,196,435,550	(P1,432,826,901)	P1,763,608,649
Other segment information					
Segment liabilities	P1,240,925,460	P6,699,327	P1,247,624,787	(P1,110,528,901)	P137,095,886
Depreciation and amortization	2,291,445	130,821	2,422,066	-	2,422,066
Interest income	7,908,897	4,987,979	12,896,876	-	12,896,876

December 31, 2016

	Real Estate Development	Investment	Total	Eliminations	Consolidated
Segment results					
Income (loss) before income tax	P39,875,829	(P12,737,841)	P27,137,988	P-	P27,137,988
Provision for income tax	1,373,128	-	1,373,128	-	1,373,128
Net income (loss)	P38,502,701	(P12,737,841)	P25,764,860	P-	P25,764,860
Assets					
Segment assets	P1,514,422,594	P1,486,419,796	P3,000,842,390	(P1,235,877,150)	P1,764,965,240
Investments	-	322,298,000	322,298,000	(322,298,000)	-
	P1,514,422,594	P1,808,717,796	P3,323,140,390	(P1,558,175,150)	P1,764,965,240
Other segment information					
Segment liabilities	P1,350,217,365	P4,087,463	P1,354,304,828	(P1,235,877,150)	P118,427,678
Depreciation and amortization	2,664,760	20,515	2,685,275	-	2,685,275
Interest income	10,614,167	2,582,569	13,195,736	-	13,195,736

25. 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.

26. Contracts and Commitments

The Group has the following significant commitments and agreements:

Construction Agreements and Purchase Commitments

The Group entered into various construction-related contracts for the Anala 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 ₱6.6 million and ₱7.3 million as of December 31, 2017 and 2016, respectively (see Note 12). These are expected to be settled in 2018.

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 ₱86,184, which is classified under "Prepayments and other current assets" (see Note 8). Minimum lease payments within a year under this contract is ₱0.2 million.

- b. On January 1, 2017, 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, 2017 to December 31, 2017. 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 ₱1.7 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 ₱3.6 million, ₱3.6 million and ₱4.8 million in 2018, 2017 and 2016, respectively (see Notes 14 and 15).

SOCRESOURCES, INC. AND SUBSIDIARY**SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2018**

Unappropriated retained earnings, beginning		₱301,328,972
Add (less) adjustments:		
Deferred income tax assets, beginning	(184,691)	
Treasury shares	(4,961,650)	(5,146,341)
Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning		296,182,631
Net loss during the period closed to retained earnings	(8,378,741)	
Less: Deferred income tax assets	<u>6,741</u>	
Net income actual/realized during the year		8,385,482
TOTAL RETAINED EARNINGS, AS ADJUSTED TO AVAILABLE FOR DIVIDEND DECLARATION, END		₱287,797,149

SOCRESOURCES, INC. AND SUBSIDIARY
SUPPLEMENTARY SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Financial Reporting Standards				
PFRS 1	First-time Adoption of Philippine Financial Reporting Standards	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2, Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4, Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
Philippine Accounting Standards				
PAS 1	Presentation of Financial Statements	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 19	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
PAS 23	Borrowing Costs	✓		
PAS 24	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Separate Financial Statements	✓		
PAS 28	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
PAS 40	Investment Property			✓
	Amendments to PAS 40, Transfers of Investment Property			✓
PAS 41	Agriculture			✓
Philippine Interpretations				
Philippine Interpretation IFRIC-1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Interpretation IFRIC-2	Members' Shares in Co-operative Entities and Similar Instruments			✓
Philippine Interpretation IFRIC-4	Determining whether an Arrangement contains a Lease	✓		
Philippine Interpretation IFRIC-5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
Philippine Interpretation IFRIC-6	Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment			✓
Philippine Interpretation IFRIC-7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
Philippine Interpretation IFRIC-10	Interim Financial Reporting and Impairment			✓
Philippine Interpretation IFRIC-12	Service Concession Arrangements			✓
Philippine Interpretation IFRIC-14	PAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
Philippine Interpretation IFRIC-16	Hedges of a Net Investment in a Foreign Operation			✓
Philippine Interpretation IFRIC-17	Distributions of Non-cash Assets to Owners			✓
Philippine Interpretation IFRIC-19	Extinguishing Financial Liabilities with Equity Instruments			✓
Philippine Interpretation IFRIC-20	Stripping Costs in the Production Phase of a Surface Mine			✓
Philippine Interpretation	Levies	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
IFRIC-21				
Philippine Interpretation IFRIC-22	Foreign Currency Transactions and Advance Consideration	✓		
Philippine Interpretation SIC-7	Introduction of the Euro			✓
Philippine Interpretation SIC-10	Government Assistance—No Specific Relation to Operating Activities			✓
Philippine Interpretation SIC-15	Operating Leases—Incentives	✓		
Philippine Interpretation SIC-25	Income Taxes—Changes in the Tax Status of an Entity or its Shareholders			✓
Philippine Interpretation SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
Philippine Interpretation SIC-29	Service Concession Arrangements: Disclosures			✓
Philippine Interpretation SIC-32	Intangible Assets—Web Site Costs			✓