SOCO Corporation Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	SOCO Corporation Ltd
ABN:	61 660 362 201
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

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2. Results for announcement to the market

Historically, Singlewave Pty Ltd (as trustee for the Singlewave Unit Trust) operated as the head entity of the SOCO corporate group, with business operations undertaken through a subsidiary, Thesoco Pty Ltd. On 22 June 2022, SOCO was established with the same beneficial ownership as Singlewave Pty Ltd. On 20 July 2022, Singlewave Pty Ltd disposed of its shares in its subsidiaries including Thesoco Pty Ltd, Option Pool Pty Ltd and Wide Net Pty Ltd to SOCO for nil consideration, thereby making SOCO Corporation Ltd the legal parent entity of the Group.

Under AASB 3 'Business Combinations', where a new entity is formed to issue equity interests to affect a business combination, one of the combining entities that existed before the business combination shall be identified as the acquirer. Accordingly, as SOCO Corporation Ltd effectively issued equity instruments to acquire the subsidiaries it cannot be identified as the acquirer. Further, as SOCO Corporation Ltd is not a business the transaction does not comprise a business combination within the scope of AASB 3 'Business Combinations'. The transaction comprises a group restructure that does not result in any change of economic substance. Accordingly, the consolidated financial statements of SOCO Corporation Ltd going forward will be a continuation of the consolidated group prior to restructure.

				$
Revenues from ordinary activities	up	60.7%	to	9,302,363
Profit from ordinary activities after tax	down	67.9%	to	255,933
Profit for the half-year	down	67.9%	to	255,933

Dividends

	Amount per security Cents	**Franked amount per security Cents**
Fully franked dividend to Founding Shareholders	3.12	3.12

Comments
The profit for the Group after providing for income tax amounted to $255,933 (31 December 2021: $797,098).

	31 Dec 2022 $	31 Dec 2021 $	Change %
Revenue	9,302,363	5,787,755	60.7%
Operating EBIT *	1,427,698	1,054,386	35.4%
Interest	(3,257)	(7,949)	59.0%
Net profit before income tax and significant items	1,424,441	1,046,437	36.1%
Significant items:			
IPO expense	(889,788)	-	-
Incremental public company cost	(40,604)	-	-
Employee share expense	(53,000)	-	-
Share-based remuneration	(27,900)	-	-
Net profit before income tax expense	413,149	1,046,437	(60.5%)
Income tax expense	(157,216)	(249,339)	36.9%
Net profit after income tax expense	255,933	797,098	(67.9%)

* Operating EBIT is a non-IFRS metric and is calculated as net profit before interest, IPO expense, incremental public company cost, employee share expense, share-based remuneration, and taxes. These measures, which are unaudited, are important to management as an additional way to evaluate the Group's performance.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	3.96	2.18

Calculated as follows:

	31 Dec 2022 $	31 Dec 2021 $
Net assets	5,184,110	2,177,937
Less: Right-of-use assets	(179,256)	(76,629)
Less: Intangibles	(6,982)	(6,982)
Net tangible assets	4,997,872	2,094,326

	31 Dec 2022 Number of shares	31 Dec 2021 Number of shares
Total shares issued at period end	126,265,000	96,000,000

4. Control gained over entities

Name of entities (or group of entities)	Thesoco Pty Ltd, Option Pool Pty Ltd and Wide Net Pty Ltd
Date control gained	20 July 2022

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Fully franked dividend to Founding Shareholders	3.12	3.12

Previous period

	Amount per security Cents	Franked amount per security Cents
Fully franked dividend	0.64	0.64

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of SOCO Corporation Ltd for the half-year ended 31 December 2022 is attached.

12. Signed

Signed ___________________________ Date: 23 February 2023

Stephen Parks
Chief Financial Officer and Company Secretary
Brisbane

SOCO Corporation Ltd

(Formerly known as SOCO Group Australia Pty Ltd)

ABN 61 660 362 201

Interim Report - 31 December 2022

Directors	Thomas Stianos - Chair Khatiza Brown Carlo Liviani Sebastian Rizzo Tom Rock
Chief Executive Officer	Simon Forth
Company secretary	Stephen Parks
Registered office	207 Logan Road Wooloongabba QLD 4102
Principal place of business	Level 4 120 Edward Street Brisbane QLD 4000 Phone: 1300 364 833
Share register	Automic Pty Ltd Level 5 126 Phillip Street Sydney NSW 2000 Phone: 1300 288 664 Email: hello@automic.com.au
Auditor	BDO Audit Pty Ltd Level 10 12 Creek Street Brisbane QLD 4000 www.bdo.com.au
Solicitors	McCullough Robertson Level 11 66 Eagle Street Brisbane QLD 4000 www.mccullough.com.au
Stock exchange listing	SOCO Corporation Ltd shares are listed on the Australian Securities Exchange (ASX code: SOC)
Website	www.soco.com.au
Business objectives	SOCO Corporation Ltd will focus on the provision of information technology services. In accordance with the Listing requirements ASX 4.10.19, the directors confirm that the Group has used cash and cash equivalents that are held at the time of listing in a way consistent with its stated business objectives.
Corporate Governance Statement	www.soco.com.au/corporate-governance/

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of SOCO Corporation Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

The Company was incorporated on 22 June 2022 and was inactive until 20 July 2022, when it acquired Thesoco Pty Ltd, Wide Net Pty Ltd and Option Pool Pty Ltd. under a group restructure. Refer to 'Significant changes in the state of affairs' below for further details. The Group's financial results reflect a continuation as a Group.

Directors

The following persons were Directors of SOCO Corporation Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Thomas Stianos - Chair	Appointed 10 October 2022
Khatiza Brown	Appointed 10 October 2022
Carlo Liviani	
Sebastian Rizzo	
Thomas Rock	
Stevan Simovic	Resigned 16 November 2022
Anand Raju	Resigned 16 November 2022

Principal activities

During the financial half-year the principal activities of the Group was as an Australian IT consultancy, specialising in the delivery of cloud solutions, business applications and integration projects with a focus on Microsoft solutions.

Dividends

Dividends paid during the financial half-year were as follows:

	31 Dec 2022 $	31 Dec 2021 $
Franked ordinary dividend of 3.12 (31 December 2021: 0.64*) cents per share	3,125,273	620,416
	No.	**No.**
Number of qualifying shares	100,000,000	96,000,000

* Cents per share for the comparative period represent Thesoco only.

Review of operations

Revenue for the financial half-year ended 31 December 2022 was $9,302,363, up 60.7% from $5,787,755 in the previous corresponding period.

The strong revenue growth resulted in an Operating EBIT of $1,427,698 (prior to significant items), up 35.4% on the previous financial half-year of $1,054,386.

After significant items are deducted (including $889,788 of IPO expenses), the statutory net profit after tax for the financial half-year was $255,933.

There was significant revenue growth from existing clients with 78 retained clients from FY2022 delivering revenue of $8,431,165 during the half-year (91% of Group revenue). Pleasingly 90% of the Group's top 20 clients from FY2022 also worked with the Group during the half-year.

The Group also added 18 new clients who delivered $871,198 of revenue during the half-year representing 9% of Group revenue. This included one major new Federal Government client and three new Queensland Government clients.

Continued successful recruitment to support this sustained revenue growth saw employee numbers grow from an average of 51 during FY2022 to an average of 76 during the current half-year.

	31 Dec 2022 $	31 Dec 2021 $	Change %
Revenue	9,302,363	5,787,755	60.7%
Operating EBIT *	1,427,698	1,054,386	35.4%
Interest	(3,257)	(7,949)	59.0%
Net profit before income tax and significant items	1,424,441	1,046,437	36.1%
Significant items:			
IPO expense	(889,788)	-	-
Incremental public company cost	(40,604)	-	-
Employee share expense	(53,000)	-	-
Share-based remuneration	(27,900)	-	-
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Income tax expense	(157,216)	(249,339)	36.9%
Net profit after income tax expense	255,933	797,098	(67.9%)

* Operating EBIT is a non-IFRS metric and is calculated as net profit before interest, IPO expense, incremental public company cost, employee share expense, share-based remuneration, and taxes. These measures, which are unaudited, are important to management as an additional way to evaluate the Group's performance.

Significant changes in the state of affairs
In June 2022, the Founding Shareholders commenced a restructure of the SOCO corporate group in preparation for an initial public offering ('IPO') and listing on the Australian Securities Exchange ('ASX').

Prior to incorporation of SOCO Corporation Ltd (the 'Company'), the parent entity of the SOCO corporate group was a unit trust controlled by the Founding Shareholders (the 'Unit Trust'). The restructure involved the following steps:
(a) On 22 June 2022, the Company was incorporated, with the initial shareholders being the Founding Shareholders, with shares held in the same proportion as their respective unit holdings in the Unit Trust.
(b) On 20 July 2022, the share capital held by the Unit Trust in each of Thesoco Pty Ltd, Wide Net Pty Ltd and Option Pool Pty Ltd was transferred to the Company, via standard share transfer. As a result of the transfer, the Company acquired ownership and control of the SOCO business and assets.
(c) On 21 September 2022, an issue of 4 new shares was made to Beostemis Pty Ltd (as trustee) (a Founding Shareholder) for total consideration of $418,548, such that on completion of the issue each of the Founding Shareholders held equal interests in the Company. The consideration paid by Beostemis Pty Ltd for the acquisition of the new shares was loaned by the Company and settled by Beostemis Pty Ltd on 17 November 2022 via offset against the dividend payable.
(d) On 21 September 2022, the Founding Shareholders approved a subdivision of the ordinary share capital of the Company, such that each ordinary share (100 in total) was subdivided into 1,000,000 ordinary shares (100,000,000 in total).
(e) On 17 November 2022, a fully franked dividend of $3,125,273 was declared and paid by the Company to the Founding Shareholders.

On 20 December 2022, the Company successfully completed its IPO of 25,000,000 ordinary shares at $0.20 per share, raising $5,000,000 before costs, and was admitted to the Official List of ASX Limited with the ASX code 'SOC'. Official quotation of SOC's ordinary fully paid shares commenced on 23 December 2022.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Thomas Stianos
Chair

23 February 2023
Brisbane

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Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek Street
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY R J LIDDELL TO THE DIRECTORS OF SOCO CORPORATION LTD

As lead auditor for the review of SOCO Corporation Ltd for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of SOCO Corporation Ltd and the entities it controlled during the period.

R J Liddell
Director

BDO Audit Pty Ltd

Brisbane, 23 February 2023

SOCO Corporation Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	31 Dec 2022 $	31 Dec 2021 $
Revenue			
Revenue from contracts with customers		9,302,363	5,787,755
Cost of providing services		(5,810,905)	(3,297,136)
Gross margin		3,491,458	2,490,619
Other revenue			
Interest revenue calculated using the effective interest method		745	2,041
Expenses			
Employee benefits expense		(1,581,224)	(980,606)
Depreciation expense	7	(144,943)	(116,352)
Selling and marketing expense		(167,989)	(112,834)
Occupancy expense		(51,159)	(26,124)
General and administrative expense		(239,949)	(200,317)
Initial Public Offer costs	17	(889,788)	-
Finance costs	7	(4,002)	(9,990)
Profit before income tax expense		413,149	1,046,437
Income tax expense		(157,216)	(249,339)
Profit after income tax expense for the half-year		255,933	797,098
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		255,933	797,098
		Cents	**Cents**
Basic earnings per share	20	0.26	0.83
Diluted earnings per share	20	0.26	0.83

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

SOCO Corporation Ltd
Consolidated statement of financial position
As at 31 December 2022

	Note	31 Dec 2022 $	30 Jun 2022 $
Assets			
Current assets			
Cash and cash equivalents	8	4,787,066	2,807,390
Trade and other receivables	9	1,848,689	1,453,247
Other assets	10	178,494	91,202
Total current assets		6,814,249	4,351,839
Non-current assets			
Property, plant and equipment	11	312,470	313,620
Right-of-use assets	12	179,256	249,630
Intangibles		6,982	6,982
Deferred tax	13	397,338	95,791
Total non-current assets		896,046	666,023
Total assets		7,710,295	5,017,862
Liabilities			
Current liabilities			
Trade and other payables	14	1,373,244	1,088,660
Contract liabilities		13,598	19,656
Lease liabilities	15	154,252	145,664
Income tax		238,598	370,683
Employee benefits	16	583,509	532,544
Total current liabilities		2,363,201	2,157,207
Non-current liabilities			
Lease liabilities	15	27,086	106,091
Employee benefits	16	135,898	106,882
Total non-current liabilities		162,984	212,973
Total liabilities		2,526,185	2,370,180
Net assets		5,184,110	2,647,682
Equity			
Issued capital	17	5,239,661	96
Reserves	18	166,203	-
Retained profits/(accumulated losses)		(221,754)	2,647,586
Total equity		5,184,110	2,647,682

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

SOCO Corporation Ltd
Consolidated statement of changes in equity
For the half-year ended 31 December 2022

	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2021	33	-	2,001,222	2,001,255
Profit after income tax expense for the half-year	-	-	797,098	797,098
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	797,098	797,098
Transactions with owners in their capacity as owners:				
Dividends paid (note 19)	-	-	(620,416)	(620,416)
Balance at 31 December 2021	33	-	2,177,904	2,177,937

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2022	96	-	2,647,586	2,647,682
Profit after income tax expense for the half-year	-	-	255,933	255,933
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	255,933	255,933
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 17)	5,239,565	-	-	5,239,565
Share-based payments (note 21)	-	166,203	-	166,203
Dividends paid (note 19)	-	-	(3,125,273)	(3,125,273)
Balance at 31 December 2022	5,239,661	166,203	(221,754)	5,184,110

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

SOCO Corporation Ltd
Consolidated statement of cash flows
For the half-year ended 31 December 2022

	Note	31 Dec 2022 $	31 Dec 2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		9,831,099	6,198,360
Payments to suppliers and employees (inclusive of GST)		(9,111,337)	(4,305,205)
		719,762	1,893,155
Interest received		745	2,041
Interest and other finance costs paid		(4,002)	(9,990)
Income taxes paid		(492,375)	(435,388)
Net cash from operating activities		224,130	1,449,818
Cash flows from investing activities			
Payments for property, plant and equipment	11	(73,419)	(112,546)
Loans from related and other parties		-	89,303
Net cash used in investing activities		(73,419)	(23,243)
Cash flows from financing activities			
Proceeds from issue of shares	17	5,000,000	-
Share issue transaction costs		(393,893)	-
Dividends paid	19	(2,706,725)	(620,416)
Repayment of lease liabilities		(70,417)	(58,835)
Net cash from/(used in) financing activities		1,828,965	(679,251)
Net increase in cash and cash equivalents		1,979,676	747,324
Cash and cash equivalents at the beginning of the financial half-year		2,807,390	1,579,109
Cash and cash equivalents at the end of the financial half-year		4,787,066	2,326,433

Non-cash financing activities
The 4 shares issued to Beostemis Pty Ltd for a total consideration of $418,548 on 21 September 2022 were settled via offset against the dividend paid on 17 November 2022.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The consolidated financial statements cover SOCO Corporation Ltd as a Group consisting of SOCO Corporation Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is SOCO Corporation Ltd's functional and presentation currency.

SOCO Corporation Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
207 Logan Road Wooloongabba QLD 4102	Level 4 120 Edward Street Brisbane QLD 4000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 23 February 2023.

Note 2. Acquisition accounting and comparative information

Historically, Singlewave Pty Ltd (as trustee for the Singlewave Unit Trust) operated as the head entity of the SOCO corporate group, with business operations undertaken through a subsidiary, Thesoco Pty Ltd. On 22 June 2022, SOCO was established with the same beneficial ownership as Singlewave Pty Ltd. On 20 July 2022, Singlewave Pty Ltd disposed of its shares in its subsidiaries including Thesoco Pty Ltd, Option Pool Pty Ltd and Wide Net Pty Ltd to SOCO for nil consideration, thereby making SOCO Corporation Ltd the legal parent entity of the Group.

Thesoco has been operating since 2013 as an Australian IT consultancy, specialising in the delivery of cloud solutions, business applications and integration projects with a focus on Microsoft solutions.

Under AASB 3 'Business Combinations', where a new entity is formed to issue equity interests to affect a business combination, one of the combining entities that existed before the business combination shall be identified as the acquirer. Accordingly, as SOCO Corporation Ltd effectively issued equity instruments to acquire the subsidiaries it cannot be identified as the acquirer. Further, as SOCO Corporation Ltd is not a business the transaction does not comprise a business combination within the scope of AASB 3 'Business Combinations'. The transaction comprises a group restructure that does not result in any change of economic substance. Accordingly, the consolidated financial statements of SOCO Corporation Ltd going forward will be a continuation of the consolidated group prior to restructure:

- the equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of the Company, including the equity instruments issued by the Company to effect the acquisition;
- the results for the half-year ended 31 December 2022 comprises the consolidated results of SOCO Corporation Ltd; and
- the comparative statement of financial position as at 30 June 2022 comprises the consolidated position of Thesoco, the comparative results in the statement of profit or loss and other comprehensive income and statement of cash flows for the half-year ended 31 December 2021 comprise the results for the half-year of Thesoco only.

Note 3. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Note 3. Significant accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SOCO Corporation Ltd ('Company' or 'parent entity') as at 31 December 2022 and the results of all subsidiaries for the half-year then ended. SOCO Corporation Ltd and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue and other income

Revenue from contracts with customers
The core principle of AASB 15 Revenue from Contracts with Customers is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:
(i) Identify the contract with the customer
(ii) Identify the performance obligations
(iii) Determine the transaction price
(iv) Allocate the transaction price to the performance obligations
(v) Recognise revenue as and when control of the performance obligations is transferred

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Note 3. Significant accounting policies (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income
Other income is recognised on an accruals basis when the Company is entitled to it.

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities
Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Company presents the contract as a contract liability.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 3. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	Unexpired period of the lease
Furniture, fixtures and fittings	20% diminishing value
Office equipment	40% diminishing value

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 3. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Trademarks
Trademarks are capitalised as an asset. These costs are not subsequently amortised. Instead, trademarks are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. They are carried at cost less accumulated impairment losses. Management consider trademarks to have indefinite useful lives because the potential to generate cash flows is unlimited.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial half-year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 3. Significant accounting policies (continued)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 3. Significant accounting policies (continued)

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial half-year and no longer at the discretion of the Company.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 3. Significant accounting policies (continued)

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of SOCO Corporation Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial half-year, adjusted for bonus elements in ordinary shares issued during the financial half-year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the reporting period ending 31 December 2022. The Group has not yet conducted a full assessment of the impact of these new or amended Accounting Standards and Interpretations, however, based on the current operations of the Group, preliminary analysis indicates that there will not be a material impact. The standards that are most relevant to the Group, are set out below.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2024, as extended by AASB 2020-6. Early adoption is permitted. AASB 2022-6 was issued in December 2022 and is applicable to annual periods beginning on or after 1 January 2024. Early adoption is permitted where AASB 2020-1 is also early adopted.

These standards amend AASB 101 'Presentation of Financial Statements' to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is subject to the entity complying with covenants in the loan arrangement based on information up to and including reporting date, the deferral right will exist where the entity is able to comply with the covenant on or before the end of the reporting date even if compliance is assessed after the reporting date. The deferral right will be deemed to exist at reporting date if the entity is required to comply with the covenant only after the reporting date based on post-reporting date information. Additional disclosure is required about loan arrangements classified as non-current liabilities in such circumstances which enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 5. Operating segments

Identification of reportable operating segments
The Group is organised into one operating segment as the Group operated mainly in Australia and in one industry being the supply of IT consulting services. This assessment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. Accordingly, the information provided reflects the one operating segment.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Note 6. Revenue from contracts with customers

	31 Dec 2022 $	31 Dec 2021 $
Provision of IT consulting services	9,302,363	5,787,755

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	31 Dec 2022 $	31 Dec 2021 $
Major service lines		
Provision of IT consulting services	9,302,363	5,787,755
Geographical regions		
Australia	9,302,363	5,787,755
Timing of revenue recognition		
Services transferred over time	9,302,363	5,787,755

Note 7. Expenses

	31 Dec 2022 $	31 Dec 2021 $
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	74,569	58,878
Buildings right-of-use assets	70,374	57,474
Total depreciation	144,943	116,352
Finance costs		
Interest and finance charges paid/payable on other liabilities	335	7,049
Interest and finance charges paid/payable on lease liabilities	3,667	2,941
Finance costs expensed	4,002	9,990

Note 8. Cash and cash equivalents

	31 Dec 2022 $	30 Jun 2022 $
Current assets		
Cash on hand	96	96
Cash at bank	4,786,970	2,807,294
	4,787,066	2,807,390

Note 9. Trade and other receivables

	31 Dec 2022 $	30 Jun 2022 $
Current assets		
Trade receivables	1,814,248	1,383,118
Other receivables	34,441	70,129
	1,848,689	1,453,247

Note 10. Other assets

	31 Dec 2022 $	30 Jun 2022 $
Current assets		
Prepayments	167,024	83,142
Security deposits	11,470	8,060
	178,494	91,202

Note 11. Property, plant and equipment

	31 Dec 2022 $	30 Jun 2022 $
Non-current assets		
Leasehold improvements - at cost	54,939	54,939
Less: Accumulated depreciation	(44,163)	(39,546)
	10,776	15,393
Furniture, fixtures and fittings - at cost	22,215	22,215
Less: Accumulated depreciation	(10,111)	(8,765)
	12,104	13,450
Office equipment - at cost	569,471	496,052
Less: Accumulated depreciation	(279,881)	(211,275)
	289,590	284,777
	312,470	313,620

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Leasehold improvements $	Furniture, fixtures and fittings $	Office equipment $	Total $
Balance at 1 July 2022	15,393	13,450	284,777	313,620
Additions	-	-	73,419	73,419
Depreciation expense	(4,617)	(1,346)	(68,606)	(74,569)
Balance at 31 December 2022	10,776	12,104	289,590	312,470

Note 12. Right-of-use assets

	31 Dec 2022 $	30 Jun 2022 $
Non-current assets		
Buildings - right-of-use	230,472	517,839
Less: Accumulated depreciation	(51,216)	(268,209)
	179,256	249,630

The Group leases land and buildings for its commercial office premises under agreements of up to 2 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 12. Right-of-use assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Buildings - right-of-use $
Balance at 1 July 2022	249,630
Disposals*	-
Depreciation expense	(70,374)
Balance at 31 December 2022	179,256

* Right-of-use asset with a cost of $287,367 and fully depreciated, ended during the period.

Note 13. Deferred tax

	31 Dec 2022 $	30 Jun 2022 $
Deferred tax asset	461,770	174,798
Deferred tax liability	(64,432)	(79,007)
Net deferred tax asset (as per statement of financial position)	397,338	95,791

	31 Dec 2022 $	30 Jun 2022 $
Deferred tax asset		
Movements:		
Opening balance	174,798	106,831
Credited to profit or loss	188,499	67,967
Credited to equity	98,473	-
Closing balance	461,770	174,798

	31 Dec 2022 $	30 Jun 2022 $
Deferred tax liability		
Movement:		
Opening balance	79,007	68,222
(Credited)/charged to profit or loss	(14,575)	10,785
Closing balance	64,432	79,007

Note 14. Trade and other payables

	31 Dec 2022 $	30 Jun 2022 $
Current liabilities		
Trade payables	240,952	178,309
Goods and services tax payable	467,980	482,133
Other payables	664,312	428,218
	1,373,244	1,088,660

Note 15. Lease liabilities

	31 Dec 2022 $	30 Jun 2022 $
Current liabilities		
Lease liability	154,252	145,664
Non-current liabilities		
Lease liability	27,086	106,091

Note 16. Employee benefits

	31 Dec 2022 $	30 Jun 2022 $
Current liabilities		
Annual leave	583,509	532,544
Non-current liabilities		
Long service leave	135,898	106,882

Note 17. Issued capital

	31 Dec 2022 Shares	30 Jun 2022 Shares	31 Dec 2022 $	30 Jun 2022 $
Ordinary shares - fully paid	126,265,000	96	5,239,661	96

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2022	96		96
Issue of shares to Beostemis Pty Ltd	21 September 2022	4	$104,637.09	418,548
Share split each ordinary share (100 in total) was subdivided into 1,000,000 ordinary shares	21 September 2022	99,999,900		-
Issue of shares to CEO	19 December 2022	1,000,000	$0.20	200,000
Issue of shares to employees	19 December 2022	265,000	$0.20	53,000
Issue of shares on completion of Initial Public Offer	23 December 2022	25,000,000	$0.20	5,000,000
Share issue transaction costs, net of tax	23 December 2022			(431,983)
Balance	31 December 2022	126,265,000		5,239,661

Note 17. Issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

Initial Public Offering
On 20 December 2022, the Company successfully completed its IPO of 25,000,000 ordinary shares at $0.20 per share, raising $5,000,000 before costs, and was admitted to the Official List of ASX Limited with the ASX code ‘SOC’. Official quotation of SOC's ordinary fully paid shares commenced on 23 December 2022.

The Initial Public Offer costs were recognised in the financial half-year as follows:

	Expensed $	Equity $	Total IPO costs $
Initial public offer costs:			
Cash component	679,888	393,893	1,073,781
Non-cash component	209,900	136,563	346,463
Share issue transaction costs	889,788	530,456	1,420,244
Tax expense	(164,911)	(98,473)	(263,384)
Initial Public Offer costs, net of tax	724,877	431,983	1,156,860

Note 18. Reserves

	31 Dec 2022 $	30 Jun 2022 $
Share-based payments reserve	166,203	-

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Note 19. Dividends

Dividends paid during the financial half-year were as follows:

	31 Dec 2022 $	31 Dec 2021 $
Franked ordinary dividend of 3.12 (31 December 2021: 0.64*) cents per share	3,125,273	620,416
	No.	**No.**
Number of qualifying shares	100,000,000	96,000,000

* Cents per share for the comparative period represent Thesoco only.

Note 20. Earnings per share

	31 Dec 2022 $	31 Dec 2021 $
Profit after income tax	255,933	797,098
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	99,529,592	96,000,000
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	469,292	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	99,998,884	96,000,000
	Cents	**Cents**
Basic earnings per share	0.26	0.83
Diluted earnings per share	0.26	0.83

The comparatives weighted average number of ordinary shares has been determined as if the share consolidation had occurred from the beginning of that period.

Note 21. Share-based payments

The Group has the following options in existence:

Existing Employee Options
The Company has on issue 1,087,251 options over shares, which are held by seven employees of the Group ('Existing Employee Options'). The Existing Employee Options are governed by the terms of a historical share option plan, which has been adopted by the Company.

An option confers a right to acquire an ordinary share during the exercise period, subject to the satisfaction of any vesting conditions, the payment of the exercise price for the option (including through a cashless exercise facility) set out in the offer, and otherwise in the manner required by the Board and specified by the offer.

Persons issued options under the Existing Employee Options Plan may not dispose of an option or share issued on exercise of an option until three (3) years after the issue of the option.

Note 21. Share-based payments (continued)

The Existing Employee Options Plan contains provisions for the Board to deal with securities issued under the Existing Employee Options Plan in the event of a change of control trigger event, which includes the ability to:
(a) buy-back or accelerate the vesting of options or performance rights, arrange replacement securities on similar economic terms in a bidder, allow the options or performance rights to continue on their terms, or proceed with any combination of the alternatives;
(b) accelerate vesting (including on a pro rata basis) of share appreciation rights; and
(c) provide under an offer document for a particular treatment of shares issued under the Existing Employee Options Plan upon the occurrence of a change of control trigger event.

The Existing Employee Options will only vest and become capable of exercise upon the holder remaining employed with the Group on the third anniversary of the date of issue of the relevant options. Any Existing Employee Options not capable of being exercised by the holder of the option on the date that the relevant employee ceases to be employed with the Group will automatically lapse.

A holder may exercise an Existing Employee Option within 60 days upon satisfaction of the vesting conditions, upon expiry of which the option will lapse.

Omnibus Plan
The Group has adopted a long-term incentive plan in connection with its admission to the ASX, the Omnibus Incentive Plan (‘Omnibus Plan’).

Key employees identified by the Board will be offered participation under the Omnibus Plan in the form of ordinary shares, options or rights. Each Director is eligible to participate in the Omnibus Plan.

The vesting of the shares, options or rights may be subject to the satisfaction of service-based conditions and performance hurdles which, when satisfied, will allow participating employees to receive shares or vested options or rights which are exercisable over shares.

Awards of fully paid ordinary shares, options, performance rights and share appreciation rights can be made under the Omnibus Plan.

Shares can be granted to the participants under a free grant (receiving an allocation of shares for no consideration) or salary contribution agreement.

An option confers a right to acquire a share during the exercise period, subject to the satisfaction of any vesting conditions, the payment of the exercise price for the option (including through a cashless exercise facility) set out in the offer, and otherwise in the manner required by the Board and specified by the offer.

A participant under the Omnibus Plan does not have a right to participate in dividends on shares or a further issue of shares until shares are issued, transferred or allocated under the terms of an offer, including on exercise or vesting of the security or right.

A performance right confers an entitlement to be issued, transferred or allocated one share after the vesting date, subject to any disposal restrictions, the satisfaction of the vesting conditions, and any other requirements contained in the offer.

A share appreciation right confers an entitlement to be issued, transferred or allocated the number of shares calculated under the terms of the Omnibus Plan after the vesting date, subject to any disposal restrictions, the satisfaction of the vesting conditions and any other requirement contained in the offer. The Board may decide, in its absolute discretion to substitute the issue, transfer or allocation of these shares for the payment of a cash amount.

The Omnibus Plan contains provisions for the Board to deal with securities issued under the Omnibus Plan in the event of a change of control trigger event, which includes the ability to:
(a) buy-back or accelerate the vesting of options or performance rights, arrange replacement securities on similar economic terms in a bidder, allow the options or performance rights to continue on their terms, or proceed with any combination of the alternatives;
(b) accelerate vesting (including on a pro rata basis) of share appreciation rights; and
(c) provide under an offer document for a particular treatment of shares issued under the Omnibus Plan upon the occurrence of a change of control trigger event.

Note 21. Share-based payments (continued)

Each participant under the Omnibus Plan grants to the Company a power of attorney to perform any act required in respect of actions available to the Company on a change of control trigger event.

The Omnibus Plan includes provisions consistent with the Listing Rules to permit an adjustment to the number of shares that may be issued on exercise or vesting of a security issued under the Omnibus Plan in the event of a reorganisation of the Company's capital.

The maximum number of securities projected to be issued under the Omnibus Plan within the three-year period from completion of the IPO is 7,300,000. This number is not intended to be a prediction of the actual number of securities to be issued by the Company, simply a ceiling for the purposes of ASX Listing Rule 7.2 (Exception 13(a)).

Performance Options
1,000,000 performance options were granted to the Chief Executive Officer, Simon Forth on 18 November 2022 under the terms of the Omnibus Plan.

The key terms of the Performance Options are:
(a) *Entitlements:* Each Performance Option entitles the holder to subscribe for one ordinary share upon exercise of the Performance Option.
(b) *Exercise price:* $0.00 per option.
(c) *Vesting conditions:* The total number of FY23 Performance Options that may vest will be determined based on achievement of the following performance milestones. Failure to meet the lower target of any performance milestone will mean no FY23 Performance Options under that milestone will vest.

Milestone(1)	Lower target	Upper target	Lower multiplier	Upper multiplier	Weighting(3) %
FY23 Revenue from organic business	$18,500,000	$20,000,000	0.80	1.00	40%
FY23 Pro forma organic EBITDA(2)	$3,312,000	$3,500,000	0.80	1.00	60%

(1) Each of the milestones are independent. vesting of options under one milestone is not conditional on satisfaction of the other milestones. Any fraction of an option (on calculating the number of options that vest) will be rounded up to the nearest whole option.
(2) To be assessed based on the Group's consolidated audited FY23 financial statements.
(3) As a percentage of the total FY23 Performance Options

(d) *Expiry date:* The expiry date for the Performance Options is the earlier of: (i) if the vesting conditions are not satisfied, the date on which the holder voluntarily vacates their office as CEO of the Company; and (ii) the date that is five (5) years after the issue date.
(e) *Exercise period:* Subject to satisfaction of the vesting conditions, the exercise period for the Performance Options commences from the date the vesting conditions are satisfied and ends on the relevant expiry date.

Non-Executive Director Options
The Company granted a total of 1,200,000 options to the independent non-executive Directors on 18 November 2022 under the terms of the Omnibus Plan ('NED Options').

The key terms of the NED Options are:
(a) *Entitlements:* Each NED Option entitles the holder to subscribe for one ordinary share upon exercise of the NED Option.
(b) *Exercise price:* $0.20 per option.
(c) *Vesting conditions:* The holder has not resigned as a director of the Company on the date that is two (2) years after the issue date of the NED Options, or a change of control transaction occurs.
(d) *Expiry date:* The expiry date for the NED Options is the earlier of: (i)if the vesting conditions are not satisfied, the date on which the holder voluntarily vacates their office as a director of the Company; and (ii)the date that is five (5) years after the issue date.
(e) *Exercise period:* Subject to satisfaction of the vesting conditions, the exercise period for the NED Options commences from the date the vesting conditions are satisfied and ends on the relevant expiry date.

Lead Manager Options
The Company agreed to issue 3,125,000 unquoted options to the Lead Manager and/or its nominee(s) as a component of the fees payable to the Lead Manager in connection with the IPO.

Note 21. Share-based payments (continued)

The Company and the Lead Manager entered into a Lead Manager Options Deed which governs the terms of the options. Each option issued to the Lead Manager or its nominee(s) is convertible into one (1) ordinary share on exercise.

The key terms of the Lead Manager Options are:
(a) *Entitlement:* Each Lead Manager Option entitles the holder to subscribe for one ordinary share upon exercise of the Lead Manager Option.
(b) *Allotment Date:* The date that is three (3) business days after the date on which the Company received unconditional approval from the ASX for the admission of the Company to the official list and quotation of the shares on the ASX.
(c) *Exercise Price:* $0.30 per option, representing a 50% premium to the IPO offer price.
(d) *Exercise Period:* Commencing from the date of the Lead Manager Options Deed and ending on the date that is 48 months from the date on which the Company was admitted to the official list. The options will expire if not exercised during the exercise period.
(e) *Adjustments:* If the Company makes a pro rata issue, there will be no adjustment to the exercise price of an option. In the event of a bonus issue, the number of ordinary shares issued on exercise of each option will be increased in accordance with Rule 6.22.3 of the Listing Rules. No change will be made to the exercise price of an option. If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, the rights of the option holder in respect of any unexercised options will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

Summary
Set out below are summaries of options granted under the plan:

31 Dec 2022

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
01/07/2020	30/08/2023	$0.06	586,615	-	-	-	586,615
08/12/2021	06/02/2025	$0.08	500,636	-	-	-	500,636
18/11/2022	18/11/2027	$0.00	-	1,000,000	-	-	1,000,000
18/11/2022	18/11/2027	$0.20	-	1,200,000	-	-	1,200,000
23/12/2022	20/12/2026	$0.30	-	3,125,000	-	-	3,125,000
			1,087,251	5,325,000	-	-	6,412,251

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate
18/11/2022	18/11/2027	$0.20	$0.00	50.00%	4.00%	3.22%
18/11/2022	18/11/2027	$0.20	$0.20	50.00%	4.00%	3.22%
23/12/2022	20/12/2026	$0.20	$0.30	50.00%	4.00%	3.34%

Note 22. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Thomas Stianos
Chair

23 February 2023
Brisbane

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of SOCO Corporation Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of SOCO Corporation Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

R J Liddell
Director

Brisbane, 23 February 2023