SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **December 31, 2022**

2. SEC Identification Number: **39745** 3. BIR Tax Identification No.: **002-837-461**

4. Exact name of registrant as specified in its charter: **CROWN EQUITIES, INC.**

5. **Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
   Industry Classification Code:

7. **Crown Center, 158 N. Garcia corner Jupiter Street, Bel-Air, Makati City** **1209**
   Address of principal office Postal Code

8. **(632) 8899-0081, (632) 8899-0455**
   Registrant's telephone number, including area code

9. **Not applicable**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common shares	**14,959,999,950 shares**

11. Are any or all of these securities listed on the Philippine Stock Exchange.

    Yes [**X**] No [ ]

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates: ₱239,212,730.42 (2,749,571,614 CEI common shares at ₱0.087/share price as of March 30, 2023)

Table of Contents

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

(1) **Business Development**

Crown Equities, Inc. (CEI or the Corporation) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 24, 1969 as Leyte Base Metal Corporation. On May 22, 1995, the stockholders approved the strategic shift in the Corporation's primary business activity to investment holding. The Corporation started its healthcare business by operating its ambulatory care clinic in Makati City in 1997 and in Sta. Rosa, Laguna in 1998. Also in 1998, the Corporation started the development of a property in Biñan, Laguna into a middle-class residential subdivision called Palma Real. The following year, the Corporation acquired a significant interest in a toll road project, which was eventually divested in 2005. In 2003, by virtue of an agreement with Sta. Lucia Realty and Development, Inc., development of the Palma Real project was pursued. Marketing and sales started in 2004.

The Corporation started the development of Cypress Towers, a mid-rise residential condominium project in joint venture with DM Consunji Inc. in 2005. By 2007, the Cypress Towers started marketing and selling condominium units. The cash flows from Palma Real and Cypress Towers projects, coupled with the proceeds from the divestment of the toll road project, allowed the Corporation to start construction in 2009 of its own office building called Crown Center, the corporate offices of the Corporation and FortMed Clinics. In 2010, the Corporation started leasing out excess office spaces of Crown Center.

The Corporation did not make any significant business acquisition during the past three years. Its major investments are still in the healthcare and in real estate businesses, the latter via joint venture with major companies in the industry. However, its land bank continues to appreciate in value.

(2) **Business of Issuer**

The Corporation is a Filipino-owned publicly-listed investment holding corporation. Through its subsidiaries, the Corporation acquired various real estate properties to be developed into commercial, industrial, residential, or mixed-use areas. The Corporation also has investments in healthcare business particularly in two medical ambulatory care clinics.

The subsidiaries of the Corporation that are already in operation are FortMed Medical Clinics Makati Inc., Crown Central Properties Corporation, Healthcare Systems of Asia Philippines, Inc., and Argent Capital Holdings Corporation. Parkfield Land Holdings, Inc. is still in the pre-operating stage.

The Corporation's main business is investment holding. It acquires, develop and sell real estate properties, either through its own subsidiaries or through tie-ups with major real estate and property development companies in the field. The Corporation markets the real estate properties either through its in-house marketing group or through third party brokers and agents. The Corporation also delivers medical and health care services to outpatients through its ambulatory care centers. All of the Corporation's revenues are generated locally.

There are several players in the real estate industry competing for developments in prime areas. Historically, the industry has been led by highly-capitalized firms. Although these companies have been leading the industry, the Corporation has been focusing on residential development through niche markets. The Corporation aims to continue developing real estate where opportunities for growth are identified. At present, the location and price of the residential units offered by the Corporation give it an edge in the competition. The previous pandemic, however, dampened the market as a result of declining buyer power.

Property development businesses involve significant risks including the risks that construction may not be completed on schedule or within the allocated budget; and that such projects may not achieve the anticipated sales. In addition, real estate development projects typically require substantial capital expenditure during construction and it may take years before the projects generate cash flows.

Increasing threat from competition has been the main risk in the healthcare business. Growth in the number of healthcare providers delivering similar services has been affecting profitability across companies. Moreover, the business is characterized by substantial recurring capital expenditure for medical technology in order to provide a comprehensive healthcare service. However, being a basic necessity, the healthcare business could likewise provide sustainable revenues.

As a business in the real estate and health care services, the Corporation does not rely on a few customers ensuring the continuity of revenue streams for the company. Furthermore, the Corporation does not also rely on a limited number of suppliers in providing products and services that may contribute to risks of non-performance of the Corporation. The Corporation also does not have any major supply contracts.

The Corporation does not have any patents, trademarks, copyrights, licenses, franchises, concessions, or royalty agreements held. As it currently stands, there are no government regulations specifically covering the Corporation's business. There is a possibility that the government may impose certain regulations which may include securing special permits, imposing regulatory fees and controls over the Corporation's products and services but these types of regulations would not be a hindrance to the Corporation's business. Furthermore, the costs incurred for purposes of complying with environmental laws consist primarily of payments for mandated fees for the issuance of business permits which are standard in the industry and is minimal.

The Corporation did not spend significant amount on developmental activities during the last three fiscal years.

The Corporation and its subsidiaries currently employ 84 officers and staff, including 59 medical and administrative officers and staff in the healthcare operations. There is no existing Collective Bargaining Agreement between the Corporation and its employees. There are no supplemental benefits or incentive arrangements with the employees, aside from those provided by law.

a. ***Real Estate and Property Development***

1. Crown Equities, Inc.

The Cypress Tower is a residential condominium complex composed of three buildings: the Altiva Tower, the Belmira Tower, and the Celesta Tower. Residents enjoy a good view of the Laguna Lake to the east as well as the Manila Bay to the west. The Cypress Tower boasts of its perfect accessibility from either the north or the south of Metro Manila via the Circumferential Road 5. The Corporation likewise sell house units in Palma Real Residential Estate.

The Corporation also owns real estate property in Sto. Tomas, Batangas. Some of the properties are still in the process of titling. The properties are mostly located in Brgy. San Miguel, Sto. Tomas, Batangas, about 56 kilometers from the central business district of Makati City. It is accessible by any land transport from Manila via the South Luzon Expressway and the Maharlika highway. It has also over 6 hectares of property in Taguig.

For the year ended December 31, 2022, the Corporation as a separate entity generated aggregate revenue of ₱121.4 million, P52 million of which came from recognized sale of real estate units and P15.6 million from rental income.

2. Crown Central Properties Corporation

Crown Central Properties Corporation (CCPC) was incorporated on September 3, 1996 as a joint venture between the Corporation and Solid Share Holdings, Inc., now Federal Land, Inc., an affiliate of a major banking group. In October 2003, CCPC entered into a Memorandum of Agreement with Sta. Lucia Realty and Development, Inc. whereby the former shall contribute land and its improvements while the latter shall be responsible for completing the development of a subdivision project. The agreement called for a 60%-40% sharing of revenues in favor of CCPC. The project was completed and marketing is on-going.

The subdivision, named Palma Real Residential Estates, is strategically located near the boundary of Sta. Rosa and Biñan, in the province of Laguna, a few minutes away from educational institutions in the area such as Don Bosco and De La Salle University. Among residential subdivisions in its class, Palma Real is one of those nearest to these educational institutions. Although competition is considered tight given the number of residential subdivisions within its five-kilometer radius, Palma Real enjoys an advantage given its proximity to these schools, the industrial park, the commercial district in the area, and access via the Mamplasan exit of the South Luzon Expressway connecting to the Sta. Rosa-Tagaytay highway. The project is also accessible via the Cavite-Laguna Expressway (CALAX).

CCPC contributed 32% to the total revenue of the Corporation in 2022 having aggregate revenue of ₱70 million from realized Palma Real Residential Estates sales.

3. Parkfield Land Holdings, Inc.

Parkfield Land Holdings, Inc. (PLHI), a 75%-owned subsidiary of the Corporation, was incorporated on April 11, 2001 primarily to acquire, develop, and sell real estate properties. PLHI owns 92 hectares of land located in San Jose del Monte, Bulacan.

PLHI has not started its commercial operations and has no significant business developments involving the properties. PLHI does not intend to develop its properties within the next twelve months.

b. ***Healthcare***

1. **Healthcare System of Asia Phils., Inc.**

Healthcare System of Asia, Phils. (HSAPI), Inc. was established on July 26, 1996 to deliver medical and health care services and healthcare systems, in general. Presently, HSAPI has two operational ambulatory care clinics: the FortMED Medical Clinics – Makati, which started operations in 1997, and FortMED Medical Clinics – Sta. Rosa, which started operations in 1998.

The two FortMED Clinics provide a wide range of medical services at reasonable prices. These clinics house diagnostic and ambulatory treatment apparatus including ultrasound machines and modern laboratory equipment. The clinic offers cardio-pulmonary testing, radiologic procedures, laboratory blood chemistry and hematology, and sub-specialist consultation.

Competition in this type of business is generally dictated by factors such as the reputation of doctors associated with and actually practicing in the clinic, availability of highly effective facilities, and quality of professional health service. Location and accessibility are also critical competitive factors in this industry.

FortMED-Makati is strategically located in Bel-Air Village, Makati which is easily accessible to both residents and employees in the Makati business district. FortMED-Sta. Rosa is in Greenfield Business Park, Sta. Rosa, a booming commercial district in the vicinity of a light industrial park which is home to multinational companies.

The clinic offers a fast one-stop shop type of professional service and easy accessibility to results through the clinic's proprietary clinic information system and computerized processes. The clinics also provide private duty nurses to address the need for professional health care in client's premises.

The FortMED Clinics are accredited by the Department of Health (DOH). Necessary licenses have been secured from the DOH to operate the various facilities of the clinics including the radiology and laboratory facilities which is also licensed by the Dangerous Drug Board (DDB). License to operate is secured from the Department of Health on a regular basis.

The unique focus of medical practice at FortMED is to assist the patient and family in obtaining comprehensive interdisciplinary health care that is both accessible and acceptable. The concepts of patient participation, patient education, health promotion and illness prevention are basic parts of the integrated treatment plan. The professional staff recognizes the importance of technological and cultural dimensions of health and their influences on the individual, families, and communities serviced. The physicians also recognize their responsibility to respect each patient without bias, assisting the patient to make sound decisions about their health care.

FortMED Clinics generated aggregate revenue of ₱65 million in 2022 representing 29% of the group's revenues.

(3) **Related Party Transactions**

Transactions with related parties are made on arms-length basis in a manner similar to transactions with non-related parties. Except for payment of ₱31.1 million cash dividends made to a shareholder in Crown Central Properties Corp. during the year, the CEI Group did not have significant account balances with related parties as of December 31, 2022.

(4) **Risks Relating to Business**

Risk management rests on the Board of Directors who is responsible for establishing and maintaining a sound risk management system. The Board of Directors assumes oversight over the entire risk management process. The CEI Group has exposure to the following financial risks:

a. Credit Risk

Credit risk is a risk of financial loss to the CEI Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the CEI Group's receivables. Counterparties such as banks and customers who pay on or before due date have minimum risk exposure because default in settling its obligations is remote. The Group deals only with reputable banks and customers to limit this risk. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position.

b. Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments. It may result from either the inability to sell assets quickly at fair values or failure to collect from counterparty. The Group's objective is to maintain a balance between continuity of funding and flexibility and aims to manage liquidity: (a.) to ensure that adequate funding is available at all times; (b.) to meet commitments as they arise without recurring unnecessary costs; and (c.) to be able to access funding when needed at the least possible cost.

c. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include cash and cash equivalents and equity investments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. The CEI Group's market risk is limited to its investments carried at fair value through profit or loss. The CEI Group manages its risk arising from changes in value of investments carried at fair value through profit of loss by monitoring the changes in the market price of the investments.

The financial risks of the CEI Groups as of December 31, 2022 are further discussed in the notes of the accompanying audited financial statements.

Item 2. Properties

The Corporation owns a real estate property located at the corner of Jupiter and N. Garcia Streets in Makati City where the Crown Center, now a six-storey office building stands as the main office of the Corporation and its subsidiaries. Crown Center also houses other tenants.

The Corporation indirectly owns the FortMED Clinic Building, a two-storey building located in Greenfield Business Park, Santa Rosa, Laguna, which houses FortMED-Santa Rosa and other tenants.

The investment properties of the CEI Group include a 4,907-square meter of prime property in Greenfield Business Park where the FortMED Clinic Building stands. The CEI Group also owns six hectares of land in Taguig City, Metro Manila, over 30 hectares of land in Santo Tomas, Batangas, and a 92-hectare land in San Jose Del Monte, Bulacan. However, no major land developments are being done currently on these properties.

The Corporation does not lease from other parties real properties it uses for its business and operations.

Some of the properties of the Corporation are still in the process of titling and are free from liens or mortgages. Except when there is a very good opportunity, the Corporation does not intend to acquire any other property in the next twelve months other than to complete the consolidation of its existing land bank.

Item 3. Legal Proceedings

In the ordinary course of business, CEI Group has pending legal proceedings, which are in various stages with the courts and relevant third parties. Management believes that the bases of the CEI Group's position are legally valid and the ultimate resolution of these proceedings would not have a material effect on CEI Group's financial position and results of operations. On the basis of the information furnished by its legal counsel, management believes that none of these contingencies will materially affect the CEI Group's financial position and financial performance.

Item 4. Submission of Matters to a Vote of Security Holders

There is no matter submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(1) Market Information

The Corporation's securities are traded only in the Philippine Stock Exchange (PSE) and no market for the shares is expected to be developed outside the Philippines. For the last two years, the highs and lows of stock market closing prices for CEI's equity shares are as follows:

		HIGH	LOW
2022	October – December	0.082	0.075
	July – September	0.090	0.079
	April – June	0.099	0.082
	January – March	0.107	0.087
2021	October – December	0.123	0.097
	July – September	0.135	0.116
	April – June	0.155	0.118
	January – March	0.192	0.128

As of March 30, 2023, the closing price of the Corporation's common shares was 0.087 per share.

(2) Holders

There were 365 shareholders of CEI as of March 31, 2023. The top 20 stockholders on record as of March 31, 2023 are as follows:

	NAME	CITIZENSHIP	TOTAL SHARES	%
1	PCD NOMINEE CORP.	Filipino / Others	13,972,729,039	93.4006
2	TONG, MARIE LOUISE Y.	Filipino	245,905,000	1.6438
3	TONG, ROBIN Y.	Filipino	245,905,000	1.6438
4	TONG, WELLINGTON Y.	Filipino	245,905,000	1.6438
5	DAVID GO SECURITIES, CORP.	Filipino	30,800,000	0.2059
6	GCV MANAGEMENT & CONSULTING CORPORATION	Filipino	24,085,600	0.1610
7	ACUNA, EMMANUEL E.	Filipino	20,213,600	0.1351
8	PINPIN, ELISA T.	Filipino	13,200,000	0.0882
9	TRANS-ASIA SECURITIES, INC.	Filipino	12,800,000	0.0856
10	ALCANTARA, EDITHA	Filipino	8,800,000	0.0588
11	ONG, RODERICK PHILIP	Filipino	8,800,000	0.0588
12	RIEZA, RENE DANIEL S.	Filipino	8,800,000	0.0588
13	KATSUTOSHI, SHIMIZU	Filipino	6,160,000	0.0412
14	ONGSIAKO, MARGARITA	Filipino	5,438,400	0.0364
15	LEE II, ANTHONY PETER BRYAN TIONG	Filipino	5,280,000	0.0353
16	PO, ALFONSO L. &/OR LETTY PO	Filipino	4,400,880	0.0294
17	REYES, MICHAEL	Filipino	4,400,000	0.0294
18	TE, LUIS SOW	Filipino	4,400,000	0.0294
19	WARD MANAGEMENT CORPORATION	Filipino	4,400,000	0.0294
20	JOCELYN N. YUJUICO ITF CHILDREN	Filipino	3,520,000	0.235

As of March 31, 2023, the number of lodged common shares owned and held by non-Philippine nationals is 188,596,220.

(3) Dividends

(a) On February 26, 2019, the Board of Directors declared ten percent (10%) stock dividends to be distributed to the shareholders, subject to the necessary corporate and regulatory approvals, if any.

(b) There were no stock dividends declared on common shares prior to 2019.

(c) Except for the availability of retained earnings, there are no restrictions that limit the ability of the Corporation to pay dividends on common equity and no such restriction is expected to arise in the future.

(4) Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

The Corporation did not sell nor offer for sale any unregistered or exempt securities including issuance of securities constituting an exempt transaction for the last three (3) years.

Item 6. Management's Discussion and Analysis

Management's discussion of the Corporation's financial condition and results of operation presented below should be read in conjunction with the attached audited consolidated financial statements of the Corporation and its subsidiaries.

The Corporation is not aware of any events that will trigger direct or contingent financial obligation that is material to the Corporation, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligation), and other relationships of the Corporation with unconsolidated entities or other persons created during the recent fiscal year.

As of the date of this report, the Corporation has no material commitment for capital expenditure. Management is not aware of any trends, event or uncertainties that have or will have material impact on net sales or revenues or income from continuing operations neither of its operating subsidiaries nor any seasonal aspects that a material effect on the financial condition or results of operation of the Corporation.

The Corporation has adopted all the relevant Philippine Financial Reporting Standards (PFRS) in its financial statements. The Corporation's financial statements for 2022 and the comparatives presented for 2021 and 2020 comply with all presentation and disclosure requirements.

(1) Changes in Financial Position and Results of Operation

Calendar Year Ended December 31, 2022 and 2021

As of year-end 2022, total assets amounted to P2.49 billion consisting of P1.01 billion total current assets and P1.49 billion in non-current assets. Cash constitutes 26% of total assets while Investment Properties makes up 43%.

Next to Cash and Cash Equivalents, Investment in Quoted Shares is a major component of current assets amounting to P161 million. Inventories comes in third largest amounting to P89 million which is mainly composed of the house units and lot units inventory of Palma Real and a few in Cypress Towers. Cash and Cash Equivalents increased to P646 million from P523 million in 2021 mainly resulting from cash sales, collection of receivables and sale of Investment in Quoted Shares. Receivables of P71 million include installment contracts receivable which pertains to real estate sales. These are collectible in various installment periods of between two to 15 years and earn interest. Inventories declined by 17% from P107 million in 2021 to P89 million in 2022 due to continued recognition of sales.

Out of the total P1.49 billion non-current assets, P1.07 billion pertains to investment properties consisting mostly of properties in Taguig, Batangas, and Bulacan.

Total liabilities amounted to P201 million of which P156 million represent customers' deposits, closing fees, and trade liabilities including liabilities to doctors, contractors, and suppliers.

There were no other significant movements in the equity accounts during the year except for changes in retained earnings coming from the net income for the year.

Results of Operation

For the year 2022, total consolidated revenues amounted to P223 million of which P132 million or 60% came from realized real estate sales and related interest on installment contracts receivable while P65 million or 29% came from sale of medical services. Rental income and dividend income accounted for 6% and 5% of revenues, respectively.

The total revenues for 2022 was higher on 6% than that of the previous year. Revenue mix changed during the year with real estate sales slightly decreasing to 51% of total revenue and sale of medical services constituting 29% of total revenue. Sale of healthcare services, meanwhile, increased by 28% to P66 million from P51 million in 2021. Rental and dividend income amounted to P15 million and P11 million, respectively.

Meanwhile, total costs and expenses in 2022 amounted to P175 million with direct costs increasing by 7% to P71 million owing to higher volume of medical services. Direct costs for real estate sales remained at the vicinity of P36 million while direct costs for services increased by 18% to P35 million. On the other hand, selling and general operating expenses increased by 18% to P104 million.

Net other income for 2022 amounted to P36 million including gain on sale of an investment property and interest income on loans and bank placements amounting to P12 million. Other income declined by P21 million mainly due to unrealized changes in value of investments in quoted shares.

Net income for the year 2022 amounted to P69 million compared to P95 million in the previous year.

Calendar Year Ended December 31, 2021 and 2020

Total assets as of year-end 2021 amounted to P2.46 billion consisting of P975 million total current assets and P1.48 billion in non-current assets. Cash constitutes 21% of total assets while Investment Properties makes up 44%.

Next to Cash and Cash Equivalents of P523 million, Investment in Quoted Shares is a major component of current assets amounting to P216 million. Inventories come in third largest amounting to P107 million which is mainly composed of the house units and lot units inventory of Palma Real and a few in Cypress Towers. Receivables of P83 million include P20 million secured loan to a third party over a 6-month period earning 10% interest per annum.

Out of the total P1.48 billion non-current assets, P1.08 billion pertains to investment properties consisting mostly of properties in Taguig, Batangas, and Bulacan.

Total liabilities amounted to P201 million of which P165 million represent customers' deposits, closing fees, and trade liabilities including liabilities to doctors, contractors, and suppliers.

There were no other significant movements in the equity accounts during the year except for changes in retained earnings coming from the net income for the year.

Results of Operation

Total consolidated revenues amounted to P210 million of which P130 million or 62% came from realized real estate sales and related interest on installment contracts receivable while P51 million or 24% came from sale of medical services. Rental income and dividend income accounted for 6% and 7% of revenues, respectively.

The total revenues for 2021 was higher than that of the previous year. Revenue mix changed during the year with real estate sales increasing to 53% of total revenue and sale of medical services increased to 24% of total revenue. Rental and dividend income accounted for 13% of total revenue.

Meanwhile, total costs and expenses in 2021 amounted to P155 million with direct costs increasing by 4% to P65 million, owing to higher volume of real estate sales and sale of medical service. Direct costs for real estate sales was at P35 million while direct costs for services increased by 11% to P30 million. General operating expenses increased from P82 million to P90 million in 2021.

Net other income for 2021 amounted to P56.4 million including interest income on loans and bank placements amounting to P3.2 million. For 2020, net other income amounted to P13.4 million including interest income on loans and bank placements amounting to P10.7 million

Net income for the year 2021 amounted to P94.7 million compared to P35.9 million in the previous year.

Calendar Year Ended December 31, 2020 and 2019

Total assets as of year-end 2020 amounted to P2.38 billion consisting of P879 million total current assets and P1.5 billion in non-current assets. Cash constitutes 19% of total assets while Investment Properties makes up 45%.

Next to Cash and Cash Equivalents of P441 million, Investment in Quoted Shares is a major component of current assets amounting to P183 million. Inventories come in third largest amounting to 132 million which is mainly composed of the house units and lot units inventory of Palma Real and a few in Cypress Towers. Receivables of P68 million include P25 million secured loan to a third party over a 6-month period earning 10% interest per annum.

Out of the total P1.5 billion non-current assets, P1.08 billion pertains to investment properties consisting mostly of properties in Taguig, Batangas, and Bulacan.

Total liabilities amounted to P186 million of which P149 million represent customers' deposits, dividend payable to non-controlling interest, closing fees, and trade liabilities including liabilities to doctors, contractors, and suppliers.

There were no other significant movements in the equity accounts during the year except for changes in the net income for the year.

Results of Operation

Total consolidated revenues amounted to P172 million of which P104 million or 61% came from realized real estate sales and related interest on installment contracts receivable while P39 million or 23% came from sale of medical services. Rental income and dividend income accounted for 8% and 9% of revenues, respectively.

The total revenues for 2020 was lower than that of the previous year. However, revenue mix changed during the year with real estate sales increasing to 52% of total revenue while sale of medical services decreased to 23%. Rental and dividend income accounted for 17% of total revenue.

Meanwhile, total costs and expenses in 2020 amounted to P144 million with direct costs decreasing by 28% to P62 million, owing to lower volume of real estate sales and sale of medical service. Direct costs for real estate sales and services dropped by 11% to P36 million and 43% to P27 million, respectively. General operating expenses likewise dropped from P109 million to P82 million in 2020.

Net other income for 2020 amounted to P13.4 million including interest income on loans and bank placements amounting to P10.7 million. For 2019, net other income amounted to P14.4 million including interest income on loans and bank placements amounting to P23.1 million

Net income for the year 2020 amounted to P35.9 million compared to P33.3 million in the previous year.

Key Performance Indicators

The Corporation measures its performance based on the utilization of assets and the return on its investments.

Indicator	As of			Formula
	Dec 2022	Dec 2021	Dec 2020	
Current Ratio	6.39x	5.85x	5.87x	$\frac{Current\ Assets}{Current\ Liabilities}$
Cash Ratio	4.09x	3.13x	2.95x	$\frac{Cash\ and\ Cash\ equivalents}{Current\ Liabilities}$
Debt-Equity Ratio	0.09x	0.09x	0.08x	$\frac{Total\ Liabilities}{Total\ Equity}$
Debt-Asset Ratio	0.08x	0.08x	0.08x	$\frac{Total\ Liabilities}{Total\ Assets}$
Asset-Equity Ratio	1.09x	1.09x	1.09x	$\frac{Total\ Asset}{Total\ Equity}$
Interest Coverage Ratio	n/a	n/a	n/a	$\frac{Earnings\ before\ Interest\ and\ Tax}{Interest\ Expense}$
Net Profit Margin	30.73%	45.18%	20.08%	$\frac{Net\ Income}{Net\ Revenues}$
Investment Ratio	0.43x	0.44x	0.45x	$\frac{Total\ Investment\ and\ Advances}{Total\ Assets}$
Return on Assets	2.77%	3.91%	1.51%	$\frac{Net\ Income}{Average\ Total\ Assets}$
Earnings Per Share	0.00339	0.00506	0.00186	$\frac{Net\ Income\ after\ Minority\ Interest}{Total\ Shares\ Subscribed}$

Liquidity

In 2022, current ratio increased to 6.39x as of December 31, 2022 compared to 5.85x as of December 31, 2021 resulting from increase in cash and cash equivalents and decrease in accounts and other payables. On the other hand, cash ratio increased to 4.09x as of December 31, 2022 from 3.13x as of December 31, 2021.

Current ratio decreased to 5.85x as of December 31, 2021 compared to 5.87x as of December 31, 2020 resulting from collection of receivables. Cash ratio likewise increased to 3.13x as of December 31, 2021 from 2.95x as of December 31, 2020.

Solvency/Leverage

As of December 31, 2022, debt-equity ratio remained at 0.09x from the same ratio as of December 31, 2021. Also, debt-asset ratio remained at 0.08x from the same ratio December 31, 2021. Asset-equity ratio also remained at 1.09x as of December 31, 2022 as there is unusual movement in both assets and equity. The Company has a nil interest coverage ratio as it has zero loans and therefore no interest expense was incurred in 2022.

Debt-equity ratio in December 31, 2021 increased to 0.09x from the 0.08x as of December 31, 2020. On the other hand, debt-asset ratio remained at 0.08x from the same ratio December 31, 2020. Asset-equity ratio also remained at 1.09x as of December 31, 2020. The Company has a nil interest coverage ratio as it has zero loans and therefore no interest expense was incurred in 2021.

Investment Ratio

Investment ratio decreased to 0.43x as of December 31, 2022 from 0.44x as of December 31, 2021 due to sale of investment property in Batangas and depreciation of asset for lease.

Investment ratio also decreased to 0.44x as of December 31, 2021 from 0.45x as of December 31, 2020 due to depreciation of asset for lease.

Profitability

Net income margin for the year 2022 was lower than the previous year, decreasing to 30.73% compared to 45.18% in 2021 due to decrease in market value on marketable securities.

There was a substantial improvement in the net profit margin to 45.18% in 2021 compared to 20.08% in 2020 due to better results of operations.

Return on Assets

There was a decrease in net income as of December 31, 2022 resulting to a lower return on assets at 2.77% from 3.91% as of December 31, 2021.

Return on assets increased to 3.91% as of December 31, 2021 from 1.51% as of December 31, 2020 as bottom line improved over a largely stable pool of assets.

Earnings Per Share

Earnings per share decreased to 0.00339 as of December 31, 2022 compared to ₱0.00506 as of December 31, 2021. Income attributable to shareholders of the Corporation decreased while Corporation's average number of outstanding shares remained the same from the previous year.

Earnings per share increased to 0.00506 as of December 31, 2021 compared to ₱0.00186 as of December 31, 2020. Income attributable to shareholders of the Corporation improved while Corporation's average number of outstanding shares remained the same from the previous year.

(i) Past and Future Financial Condition with Particular Emphasis on the Prospects for the Future

The Corporation continues to generate revenues from its real estate projects, particularly Cypress Towers and Palma Real Residential Estates. Aggregate revenue of real estate sales amounted to P132.2 million. The healthcare business, on the other hand, generated P65.5 million during the year from the previous year's P51.3 million.

The Palma Real Residential Estates is expected to continue selling. The project continues to market house and lot packages intended to promote community build-up. The project realized P112 million revenues in 2022 accounting for 51% of total revenue. Future sales are still expected to be realized as Palma Real is now accessible both from the Sta. Rosa-Tagaytay road and from the Mamplasan exit of the South Luzon Expressway via the Cavite-Laguna Expressway.

The Corporation has no known trends, demands, commitments, events or uncertainties in the present operations of the Company that is likely to result in the Company's liquidity increasing or decreasing in any material way. It is not aware of any events that will trigger direct or contingent financial obligation that is material to the company, including any default or breach of any note, loan, lease, or other indebtedness or other financing arrangements requiring to make payments. Furthermore, there is no significant amount in trade payables that has not been paid within the stated trade terms. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligation), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

The Corporation has no material commitment for capital expenditure. Management is not aware of any trends, events or uncertainties that have or will have material impact on net sales or revenues or income from continuing operations neither of its operating subsidiaries nor of any seasonal aspects that had a material effect on the financial condition or results of operation of the Company.

The Corporation and its subsidiaries have neither issued nor invested in any financial instruments or complex securities that will make them susceptible to the effects of any global financial condition. It has neither foreign currency denominated nor local peso denominated loans. The Corporation's financial risk exposure is limited to its investments in the equities market reported as "Financial Assets at Fair Value through Profit and Loss" in its balance sheet though insignificant compared to the Corporation's total asset base. Moreover, these investments are always marked to market thus reflecting the most verifiable values available. The Corporation's risk management policies are religiously observed and fair values of investments are reviewed by the Executive Committee on a regular basis.

Item 7. Financial Statements

The audited financial statements of the Corporation are included in this report as Annex A.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Corporation engaged the auditing firm, Reyes Tacandong & Co. to handle the independent audit of the Corporation for 2022. They also previously handled the independent audit of the Corporation since 2018. There were no disagreements with the independent auditor on accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

For the audit of the Corporation's financial statements, the aggregate fee billed by the independent auditors was P1.14 million in 2022, P1.13 million in 2021 and P1.08 million in 2020. There were no other professional fees billed by the independent auditors during the year. The Audit Committee reviews all proposals for services to be rendered by the independent auditor. In the last two (2) years, the Corporation did not engage the independent public accountants for any services other than the regular conduct of independent audit of the year-end financial statements.

The members of the Audit Committee are as follows:

Mr. Conrado G. Marty – Chairman
Mr. Rodolfo B. Fernandez – Member
Mr. Ramon A. Recto – Member

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Corporation

a. Directors and Executive Officers

Mr. George L. Go, 81 years old, Filipino, is presently the Chairman of the Board of Directors of the Corporation. He has been a Director of the Corporation since 1995. He is also the Chairman of the Nominations Committee and a Member of the Executive Committee, Investment Committee and the Compensation and Remuneration Committee. Mr. Go is also the Chairman of the Board of Healthcare Systems of Asia Philippines, Inc., Fortmed Medical Clinics Makati, Inc. Mr. Go earned his bachelor's degree in Economics from Youngstown University, U.S.A and completed an Advanced Management Program in Harvard Business School, U.S.A.

Mr. Wilfrido V. Vergara, 78 years old, Filipino, has been the Vice Chairman of the Board of Directors of the Corporation since May 2002. He is the Chairman of the Executive Committee, the Investment Committee and the Compensation and Remunerations Committee. Mr. W.V. Vergara is the Chairman of the Board of Directors of Argent Capital Holdings Corporation and also the Vice Chairman of Fortmed Medical Clinics Makati, Inc. and Healthcare Systems Asia Philippines, Inc.. He is also a Director of Parkfield Land Holdings, Inc.. Mr. Vergara obtained his Bachelor's Degree in Economics from the Ateneo de Manila University.

Mr. Romuald Dy Tang, 71 years old, Filipino, has been a member of the Board of Directors of the Corporation since 2008 and was elected President of the Corporation in May 2010. Mr. Dy Tang is also a Member of the Executive Committee, Nominations Committee, the Compensation and Remuneration Committee and Investment Committee. He is likewise a Director and President of Argent Capital Holdings, Inc. and a member of the Board of Directors of Healthcare Systems of Asia Philippines, FortMED Medical Clinics Makati, Inc. and Parkfield Landholdings, Inc. Mr. Dy Tang earned his Bachelor of Science in Business Administration from De La Salle University, Manila.

Mr. Patrick D. Go, 55 years old, Filipino, has been a Director of the Corporation since 1995. He is the Treasurer and the Compliance Officer of the Corporation. He also serves as the Treasurer of Healthcare Systems of Asia Philippines, Inc., Fortmed Medical Clinics Makati, Inc.. He is a director and the Treasurer of Argent Capital Holdings Corp. Mr. Go is an Independent Director of Encash Inc. Prior to that, he was Vice President at Banco De Oro. Mr. Go is a graduated from San Francisco State University, U.S.A in 1992 earning a Bachelor of Science degree in both Finance and Real Estate. He is the son of Mr. George L. Go.

Mr. Eugene B. Macalalag, 55 years old, Filipino, has been a member of the Board of Directors of the Corporation since May 2003. He is the First Vice President of the Corporation. Mr. Macalalag is also the President and Director of Healthcare Systems of Asia Philippines, Inc. and FortMED Medical Clinics Makati, Inc. He is the President of Crown Central Properties Corp. and Parkfield Landholdings, Inc.. Mr. Macalalag is a director of Argent Capital Holdings Corporation. He joined Crown Equities, Inc., in April 1996. Mr. Macalalag graduated *Magna cum Laude* from the Divine Word University of Tacloban and holds a Bachelor of Science degree in Commerce – Accounting. He earned his Masters degree in Business Administration from the De La Salle University, Manila.

Mr. Ramon A. Recto 90 years old, Filipino, has been an Independent Director of the Corporation since May 2002. He is a Member of the Audit Committee and the Nominations Committee. Mr. Recto was the President of Marcventures Holdings, Inc. and Lepanto Consolidated Mining Corporation. Mr. Recto obtained both of his Bachelor's Degrees in Electrical Engineering and in Mechanical Engineering from the University of the Philippines. He also earned his Master's Degree in Industrial Management from the same University.

Mr. Conrado G. Marty 77 years old, Filipino, has been a member of the Board of Directors of the Corporation since 2006. Mr. Marty is also a member of the Audit Committee of the Corporation. He is the President of Universal LMS Finance and Leasing Corporation and is also the Vice Chairman of Hariphil Asia Resources Inc.. Mr. Marty holds a Bachelor in Business Administration Major in Accounting from University of the East and is a Certified Public Accountant. He obtained his Master in Business Administration major in Finance from the Wharton School, University of Pennsylvania.

Mr. Manuel E. Dimaculangan, 56 years old, Filipino, serve as an independent director of the corporation since 2022. He is the President and CEO of Pacific World Security and Investigation. Mr. Dimaculangan graduated from University of Sto. Tomas and holds a Bachelor's degree in Architecture.

Mr. Melvin O. Vergara, 51 years old, Filipino, has been a member of the Board of Directors since May 2011. He is also currently a Director of Healthcare Systems of Asia Philippines, Inc. and FortMED Clinics Makati,. He was a Consultant of the same company from 2000 to 2002. He earned his Degree in Business Administration from the University of Sto. Tomas. He is the son of Wilfrido V. Vergara.

Mr. Christopher Brian C. Dy, 38 years old, Filipino, is the Assistant Vice President of the Corporation. Mr. Dy has been a member of the Board of Directors of the Corporation since May 2011. He is also the Vice President of Crown Central Properties Corporation. He also served as the purchasing officer of FortMED Medical Clinics in 2010. He took up securities training in Guild Securities, Inc. from 2009 to 2010 and worked for 3M Philippines for the Projections Systems and Optical Systems divisions. He was also a Property Specialist of Ayala Land Premier in 2006. He earned his Bachelor of Science in Management, Major in Management Communications Technology from the Ateneo de Manila University. He is the son of Mr. Romuald U. Dy Tang.

Mr. Nixon Y. Lim, 52 years old, Filipino, graduated B.S Physics at De la Salle University, Manila in 1991. He is currently the Chairman of the Related Party Transaction Committee of the Corporation, a Member of the Board Risk Oversight Committee and Investments Committee. He is the President of Greenstone Packaging Corporation, Lamitek Systems, Inc. and Greenkraft Corporation. In addition, he is also the President of GreenSiam Resources Corporation, Steniel Mindanao Packaging Corporation, Steniel Cavite Packaging Corp., and Chairman and CEO of Steniel Manufacturing Corporation.

Atty. Rodolfo B. Fernandez, 66 years old, Filipino, is an independent director of the Corporation. He is also the Chairman of the Corporate Governance Committee and member of the Audit Committee and Board Risk Oversight Committee. Atty. Fernandez is currently an independent director of Medco Holdings, Inc. and sits in the board of Reference Group Financial Services, Inc. He is also a director and corporate secretary of The Organization of Property Stakeholders. He was formerly Chief Compliance and AMLA Officer of BPI Family Savings Bank, Head of Compliance and Legal of BPI Asset Management and Trust Group

(AMTG) and BPI Mutual Fund Companies, Head of the BPI Account Management 4, Chief Legal Counsel of Far East Bank and Trust Co., and Head of Legal and Product Development of FEBTC – Trust Department. An expert and lecturer on estate planning, he obtained his Bachelor of Laws from the UP College of Law and his AB Political Science from the University of Santo Tomas.

Mr. Reynaldo V. Reyes, 80 years old, is an independent director of both the Corporation and Argent Capital Holdings, Inc. He is also a Member of the Corporate Governance Committee, Related Party Transaction Committee, and Investments Committee. Mr. Reyes spent his most productive years as a military serviceman from age 17 to compulsory retirement at age 56. He served as a PAF line pilot, Squadron Commander, Wing Commander and went on to become Air Division Commander stationed in Zamboanga, Mindanao after which he was placed in command of the Western Command (WESCOM) in charge of Palawan and the West Philippine Sea. He had modest exposure in business management while detailed at the Defense Department as head of the Defense Management Division and Deputy Assistant Secretary for Comptrollership. There he served in concurrent capacity as Senior Vice President of the AFP pension fund performing a wide range of functions from lending, treasury management and managing property holdings of the fund. He was a member of the Philippine Stock Exchange from 1999 to 2006, being then the Chairman and President of stock brokerage firm Public Securities Corporation. He was at the same time President and CEO of an investment house, Resources and Investments Corporate House Inc. (RICH). He served as Director of the Securities Clearing Corporation (SCCP), and also as member of the PSE Listing Committee. Mr. Reyes graduated from the Philippine Military Academy in 1964 with a Bachelor's Degree. His in-service career training included courses in Resource Management at the US Naval Post Graduate School in Monterey, USA; Industrial College of the US Armed Forces; Command and Staff Course at the Air University, Montgomery, Alabama, USA and ADMU MBA off-campus course.

Mr. Emilio S. de Quiros, Jr., 74 years old, is an Independent Director of the Corporation. He is also a Member of the Compensation and Remuneration Committee, Board Risk Oversight Committee, Related Party Transaction Committee, and Investments Committee. Mr. De Quiros is also an independent director of Atlas Consolidated Mining and Development Corporation, an independent director of Sunlife Investment Management & Trust Corporation and an Independent Director of Capital Markets Integrity Corporation. He was previously the President and Chief Executive Officer of the Social Security System (SSS) and also served as a Director of Belle Corporation, UnionBank of the Philippines, Philex Mining Corporation and Philhealth Insurance Corporation. Prior to his appointment as President of SSS, he served as Executive Vice President of Bank of the Philippine Islands and President of Ayala Life Insurance Inc., Ayala Plans Inc. and a director of BPI Bancassurance, Inc. Mr. De Quiros graduated from Ateneo de Naga with a Bachelor of Arts in Economics degree (Cum Laude), and holds a Master of Arts in Economics degree from University of the Philippines.

Ms. Clare D. Alvarez, 48 years old, has been a member of the Board of Directors of the Corporation since 2022. She is the President, CEO and Nominee of Guild Securities, Inc. and a Senior Consultant in Globe Telecom, Inc. Ms. Alvarez graduated from University of Asia and the Pacific and holds a bachelor degree in Arts major in Humanities and Business Administration. She obtained her Master's Degree in Business Management from Asian Institute of Management.

Directorships in other reporting companies:

Within the last five (5) years, the following directors are also directors of other reporting companies as listed below:

Mr. Emilio S. De Quiros, Jr., independent director of Atlas Consolidated Mining & Development Corporation.

Mr. Nixon Y. Lim, Chairman, President and CEO of Steniel Manufacturing Corporation.

Atty. Rodolfo B. Fernandez, independent director of Medco Holdings, Inc.

b. Significant Employees

The Corporation has no employee who is not an executive officer but is expected to make a significant contribution to the business.

c. Family Relationships

Mr. Patrick D. Go, Compliance Officer and member of the Board of Directors, is the son of Mr. George L. Go, Chairman of the Board of Directors. Mr. Melvin O. Vergara is the son of Mr. Wilfrido V. Vergara, Vice Chairman of the Board of Directors while Mr. Christopher Brian C. Dy is the son of Mr. Romuald U. Dy Tang, President. Aside from the foregoing, no other directors or executive officer are related up to the fourth civil degree either by consanguinity or affinity.

The Corporation has no controlling or parent company.

d. Involvement in Certain Legal Proceedings

The Corporation has no knowledge of the involvement of the current directors and executive officers, in any legal proceedings as defined in the Securities Regulation Code for the last five years up to the date of this report.

Item 10. Executive Compensation

In 2022, the Corporation's Executive Officers consisted only of the following key personnel: the Chairman, the Vice-Chairman, the President, First Vice-President and the Treasurer.

The aggregate compensation paid or incurred during the last two fiscal years and estimated to be paid in the ensuing fiscal year to the Executive Officers and Directors of the Corporation are as follows:

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS					
Name and Principal Position	Year	Salary/Fees	Bonus	Other Annual Compensation	Total
Compensation of Executive Officers* George L. Go, Chairman Wilfrido V. Vergara, Vice Chairman Romuald U. Dy Tang, President Eugene B. Macalalag, First VP Patrick D. Go, Treasurer	2023 (Est.)	P10.50 million	P 6.70 million		P 17.20 million
	2022	P 9.55 million	P 6.05 million		P 15.60 million
	2021	P 7.50 million	P 2.70 million		P 10.20 million
All Other Directors and Officers as a Group	2023 (Est.)	P 3.30 million	P 1.90 million		P 5.20 million
	2022	P 3.02 million	P 1.70 million		P 4.73 million
	2021	P 4.20 million	P 1.70 million		P 5.90 million

Compensation of Directors

The members of the Board of Directors who are not executive officers are elected for a term of one year.

As provided in the Corporation's by-laws, directors shall receive a reasonable per diem allowance for their attendance at each meeting. Further, as compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Corporation during the preceding year. Such compensation shall be determined and apportioned among the Directors in such manner as the Board may deem proper.

Other Arrangements

On May 31, 2002, the stockholders approved a stock option plan for directors and executive officers of the Corporation as may be designated by the Board.

The Corporation's stock option plan entitles, on grant date, the directors and executive officers of the Corporation to purchase shares of stock of the Corporation at par value or book value, whichever is higher. The underlying shares subject to the stock option plan covers 2,400,000,000 common shares representing 10% of the authorized capital stock of the Corporation. The stock option shall be subject to vesting according to such schedule as shall be approved by the Board of Directors, provided that vesting shall lapse after five years from entitlement date, and provided further that with respect to executive officers, vesting shall expire upon their resignation from the Corporation. The number of underlying common shares in respect of outstanding options and/or the exercise price shall be correspondingly adjusted in the event of any stock dividend declaration, stock split, merger, consolidation, or the similar or analogous change in the corporate structure or capitalization of the Group. The terms and conditions of the stock option plan may be amended by the resolution of the Board of Directors, except that any increase in the maximum number of shares or any decrease in the exercise price shall require the approval of stockholders representing at least two-thirds of the outstanding capital stock.

No stock option has been granted from the time the stock option plan was approved.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of March 31, 2023, the following stockholders own more than 5% of the Corporation's outstanding capital stocks:

Title of Class	Name and Address of Stockholders	Amount of shares [Record (r)/Beneficial (b) Ownership]	% Ownership
Common shares	PCD Nominee Corp. [1] 37/F Tower 1 Enterprise Center Ayala Ave. cor. Paseo de Roxas, Makati City	13,972,729,039	93.40%

[1] *PCD Nominee Corp. (PCD), a wholly-owned subsidiary of Philippine Central Depository, Inc., is the registered owner of certain shares in the*

books of the Corporation's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants, who hold shares on their behalf or in behalf of their clients. PCD is a private Corporation organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. The beneficial owners of PCD shares that owns 5% and above are indicated as follows:

Guild Securities, Inc. (Filipino) *Unit 1215 Tower One and Exchange Plaza* *Ayala Avenue, Makati City*	*9,710,508,110*	*64.91%*
Marian Securities, Inc. (Filipino) *Unit 1710-1711, 7th Floor, Philippine Stock Exchange Tower,* *5th Avenue cor. 28th Street* *Bonifacio Global City, Taguig City*	*1,074,772,600*	*7.18%*

The following have the right to vote or direct the voting or disposition of the CEI shares beneficially held by the Corporations they respectively represent: Clare D. Alvarez for Guild Securities, Inc. and Conrado G. Marty for Marian Securities, Inc.

To the best knowledge of the Corporation, no security holder has created a voting trust for the purpose of conferring upon a trustee the right to vote pertaining to shares of stock of the Corporation.

(2) Security Ownership of Directors and Management

Security ownership of Management and Directors as of March 31, 2023 is as follows:

Title of Class	***Names of Beneficial Owner***	***Amount and Nature of Beneficial Ownership***	***Citizenship***	***Percent of Ownership***
	A. **Directors**			
Common Shares	George L. Go	774,638,380 db1	Filipino	5.178%
Common Shares	Clare D. Alvarez	663,539,302 db2	Filipino	4.435%
Common Shares	Nixon Y. Lim	431,948,000 d	Filipino	2.887%
Common Shares	Patrick D. Go	476,408,760 db3	Filipino	3.185%
Common Shares	Wilfrido V. Vergara	24,833,600 db4	Filipino	0.166%
Common Shares	Ramon A. Recto	11,968,000 db5	Filipino	0.080%
Common Shares	Christopher Brian C. Dy	8,582,000 d	Filipino	0.057%
Common Shares	Reynaldo V. Reyes	550,000 db6	Filipino	0.004%
Common Shares	Manuel E. Dimaculangan	500,000 db7	Filipino	0.003%
Common Shares	Conrado G. Marty	88,008 d	Filipino	0.001%
Common Shares	Melvin O. Vergara	11,000 d	Filipino	nil
Common Shares	Emilio S. De Quiros, Jr.	11,000 d	Filipino	nil
Common Shares	Rodolfo B. Fernandez	10,088 d	Filipino	nil
	B. Executive Officers			
Common Shares	Romuald Dy Tang	86,992,000 db8	Filipino	0.581%
Common Shares	Eugene B. Macalalag	19,840,088 db9	Filipino	0.133%
	All Directors and Officers as a Group	2,499,920,226		16.711%

[d] *– these are directly owned by the aforementioned director or officer*

[db1] *– 132,950,000 of these are registered in one of the PCD member companies but beneficially owned by the director while 623,992,500 are indirectly beneficially owned by the director through Mrs. Rosie D. Go.*

[db2] *– 181,412,000 of these are registered in one of the PCD member companies but beneficially owned by the director*

[db3] *– 22,536,000 of these are registered in one of the PCD member companies but beneficially owned by the director*

[db4] *– 10,000,000 of these are registered in one of the PCD member companies but beneficially owned by the director*

[db5] *– 500,000 of these are registered in one of the PCD member companies but beneficially owned by the director*

[db6] *– 86,970,000 of these are registered in one of the PCD member companies but beneficially owned by the director*

[db7] *– 18,740,000 of these are registered in one of the PCD member companies but beneficially owned by the director*

(2) Voting Trust Holders of 5% or More

No persons known to the Corporation hold more than 5% of the common shares under a voting trust or similar agreement.

(3) Changes in Control

There are no arrangements which may result in a change in control of the Corporation.

Item 12. Certain Relationships and Related Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are on arm's length basis in a manner similar to transactions with non-related parties.

During the last three years, there were no transactions or series of similar transactions with or involving the Corporation or any of its subsidiaries in which a director, executive officer, nominee for election as a director or stockholder owning ten percent (10%) or more of total outstanding shares and members of their immediate family, had or is to have a direct or indirect material interest.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

(1) Evaluation System

Since the implementation of its Manual on Corporate Governance in 2003, compliance with it has been satisfactory and no sanction has been imposed on any member of the organization for deviating from the Manual.

The Corporation adopted and implemented its Manual on Corporate Governance in 2003 to institutionalize the principles of good corporate governance in the entire organization and to supplement its By-Laws. The Corporation maintains three (3) independent directors in its Board and has designated a Compliance Officer to oversee the implementation of the Manual. Pursuant to the Manual, the Corporation created a Nomination Committee to pre-screen and shortlist all candidates nominated to become a member of the Board. A Compensation and Remuneration Committee was also formed to develop policies on executive remuneration; and an Audit Committee to check all financial reports and to provide oversight on financial management functions.

In addition to the foregoing committees, the Corporation has a five-member Executive Committee that regularly meets to discuss the Corporation's day-to-day operation.

(2) Measures on leading practices of good corporate governance

The Board of Directors shall review the Manual from time to time and recommend the amendment thereof with the goal of achieving better transparency and accountability. The Compliance Officer continues to evaluate the compliance of the Corporation, its directors, officers, and employees with its existing Manual, which may be amended from time to time.

(3) Any Deviation from the Manual

There was no material deviation in compliance with the Manual for the year 2022.

(4) Improvement

In 2017, the Corporation amended its Manual to comply with the Revised Code of Corporate Governance.

The Corporation has adopted the policy of reviewing its Manual on an annual basis at the Board level with the aim of constantly improving its corporate governance.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(1) Exhibits

Audited Financial Statements	**Annex A**
Sustainability Report	**Annex B**

(2) Reports on SEC Form 17-C from January 1, 2022 to present

Date of Disclosure	Subject
March 1, 2022	Results of the meeting of the regular meeting of the Board of Crown Equities held on March 1, 2022. 1. Setting the annual stockholders' meeting on May 24, 2022; 2. Setting the record date to April 15, 2022.
May 24, 2022	Results of the annual and organizational Board meeting of Crown Equities held on May 24, 2022 via Remote Communication (Microsoft Teams).
May 31, 2022	Submission of the Integrated Annual Corporate Governance Report
February 28, 2023	Results of the meeting of the regular meeting of the Board of Crown Equities held on February 28, 2023. 1. Setting the annual stockholders' meeting on May 23, 2023; 2. Setting the record date to April 14, 2023.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati.

By:

ROMUALD U. DY TANG
President

PATRICK WARREN D. GO
Treasurer

EUGENE B. MACALALAG
First Vice-President

MARK O. VERGARA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 17 2023 affiant exhibiting to me their Tax Identification Number, as follows:

NAMES	TIN
Romuald U. Dy Tang	115-321-304
Eugene B. Macalalag	117-667-674
Patrick Warren D. Go	149-511-050
Mark O. Vergara	153-189-541

GENEVIEVE KRISTINE B. MAÑALAC
Appointment No. 45 (2023-2024)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2024
Attorney's Roll No. 80720
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8979100; 01.04.23; Pasig City
IBP OR No. 213974; 05.22.22; RSM
Admitted to the Bar in 2022

Doc. No. 489;
Page No. 99;
Book No. I;
Series of 2023.

ANNEX A

Bureau of Internal Revenue
Republic of the Philippines
Home | Login | Revenue Issuances | FAQs | Job Aids | BIR Main | Downloads | Logout

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 002-837-461-000
Name	: CROWN EQUITIES INC
RDO	: 049
Form Type	: 1702
Reference No.	: 462300053355776
Amount Payable (Over Remittance)	: -26,054,135.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2022
Date Filed	: 04/13/2023
Tax Type	: IT

[BIR Main | eFPS Login | User Menu | Help]

Reference No : 462300053355776
Date Filed : April 13, 2023 08:12 PM
Batch Number : 0

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR Use Only: BCS/ Item:

BIR Form No. **1702-RT** January 2018(ENCS) **Page 1**	**Annual Income Tax Return** **For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate** *Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.*	1702-RT 01/18ENCS P1

1 For (•) Calendar ( ) Fiscal

2 Year Ended (MM/20YY): 12/2022

3 Amended Return? ( ) Yes (•) No

4 Short Period Return? ( ) Yes (•) No

5 Alphanumeric Tax Code (ATC)

IC055	Minimum Corporate Income Tax (MCIT)	✓
IC010	DOMESTIC CORPORATION IN GENERAL	✓

Part I - Background Information

6 Taxpayer Identification Number (TIN): 002 - 837 - 461 - 000 **7** RDO Code: 049

8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*

CROWN EQUITIES INC

9A Registered Address *(Indicate complete registered address)*

CROWN CENTER 158 JUPITER ST BEL-AIR CITY OF MAKATI, NCR, FOURTH DI

9B Zipcode: 1209

10 Date of Incorporation/Organization (MM/DD/YYYY): 10/19/1993

11 Contact Number: 8990455

12 Email Address: mbc@crownequitiesinc.com

13 Method of Deductions: (•) Itemized Deductions [Section 34 (A-J), NIRC] ( ) Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]

Part II - Total Tax Payable *(Do NOT enter Centavos)*

14 Total Income Tax Due (Overpayment) *(From Part IV Item 43)*		751,318
15 Less: Total Tax Credits/Payments *(From Part IV Item 55)*		26,805,453
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 56)*		(26,054,135)
Add Penalties		
17 Surcharge	0	
18 Interest	0	
19 Compromise	0	
20 Total Penalties *(Sum of Items 17 to 19)*		0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Item 16 and 20)*		(26,054,135)

If Overpayment, mark "X" one box only *(Once the choice is made, the same is irrevocable)*

( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) (•) To be carried over as tax credit next year/quarter

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If Authorized Representative, attach authorization letter and indicate TIN)*

Signature over printed name of President/Principal Officer/Authorized Representative		Signature over printed name of Treasurer/Assistant Treasurer		**22** Number of Attachments
Title of Signatory	TIN	Title of Signatory	TIN	4

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

Machine Validation/Revenue Official Receipts Details *(if not filed with an Authorized Agent Bank)*	*Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)*

BIR Form No. **1702-RT** January 2018(ENCS) **Page 2**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P2

Taxpayer Identification Number (TIN)	**Registered Name**
002 - 837 - 461 - 000	CROWN EQUITIES INC

Part IV - Computation of Tax	*(Do NOT enter Centavos)*
27 Sales/Receipts/Revenues/Fees	73,502,608
28 Less: Sales Returns, Allowances and Discounts	0
29 Net Sales/Receipts/Revenues/Fees *(Item 27 Less Item 28)*	73,502,608
30 Less: Cost of Sales/Services	29,471,685
31 Gross Income from Operation *(Item 29 Less Item 30)*	44,030,923
32 Add: Other Taxable Income Not Subjected to Final Tax	31,100,890
33 Total Taxable Income *(Sum of Items 31 and 32)*	75,131,813

Less: Deductions Allowable under Existing Law		
34 Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	67,425,311	
35 Special Allowable Itemized Deductions *(From Part VI Schedule II Item 5)*	0	
36 NOLCO *(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)*	5,539,094	
37 Total Deductions *(Sum of Items 34 to 36)*	72,964,405	
OR *[in case taxable under Sec 27(A) & 28(A)(1)]*		
38 Optional Standard Deduction *(40% of Item 33)*	0	

39 Net Taxable Income/(Loss) *(If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*	2,167,408
40 Applicable Income Tax Rate	25 %
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) *(Item 39 x Item 40)*	541,852
42 MCIT Due *(2% of Item 33)*	751,318
43 Tax Due *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)*	751,318

Less: Tax Credits/Payments (attach proof)	
44 Prior Year's Excess Credits Other Than MCIT	21,202,392
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	0
47 Excess MCIT Applied this Current Taxable Year *(From Part VI Schedule IV Item 4)*	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	4,773,800
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	829,261
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0
52 Special Tax Credits *(To Part V Item 58)*	0
Other Credits/Payments *(Specify)*	
53	0
54	0

55 Total Tax Credits/Payments *(Sum of Items 44 to 54) (To Part II Item 15)*	26,805,453
56 Net Tax Payable / (Overpayment) *(Item 43 Less Item 55)) (To Part II Item 16)*	(26,054,135)

Part V - Tax Relief Availment	
57 Special Allowable Itemized Deductions *(Item 35 of Part IV x Applicable Income Tax Rate)*	0
58 Add: Special Tax Credits *(From Part IV Item 52)*	0
59 Total Tax Relief Availment *(Sum of Items 57 and 58)*	0

BIR Form No. **1702-RT** January 2018(ENCS) **Page 3**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P3

Taxpayer Identification Number (TIN)	**Registered Name**
002 - 837 - 461 - 000	CROWN EQUITIES INC

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

1 Amortizations	0
2 Bad Debts	112,289
3 Charitable Contributions	0
4 Depletion	0
5 Depreciation	1,003,663
6 Entertainment, Amusement and Recreation	0
7 Fringe Benefits	0
8 Interest	0
9 Losses	0
10 Pension Trust	0
11 Rental	35,989
12 Research and Development	0
13 Salaries, Wages and Allowances	14,919,564
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
15 Taxes and Licenses	725,899
16 Transportation and Travel	2,618,432
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*	
a Janitorial and Messengerial Services	0
b Professional Fees	2,959,418
c Security Services	0
d REALIZED LOSS ON SALE OF INVESTMENT IN QUOTED SHAR	12,112,261
e OUTSIDE SERVICES	7,398,604
f DIRECTORS AND OFFICERS PROFIT SHARING REMUNERATION	4,823,256
g MEETINGS AND SEMINARS	4,126,661
h SUPPLIES	2,455,885
i OTHERS	14,133,390

i.1	COMMISSION	2,024,005
i.2	DIRECTOR'S FEES	1,788,889
i.3	UTILITIES	1,680,621
i.4	INSURANCE	1,414,624
i.5	REPAIRS AND MAINTENANCE	1,352,026
i.6	COMMITTEE MEETINGS	500,000
i.7	LISTING FEES	250,000
i.8	PENALTIES AND CHARGES	52,103
i.9	ASSOCIATION DUES	79,446
i.10	REPRESENTATION AND ENTERTAINMENT	19,057
i.11	LOSS ON CANCELLLED CONTRACTS AND FORFEITED CD	1,396,098
i.12	OTHERS	3,576,521

18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV Item 34)*	67,425,311

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0

5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Part IV Item 35)*	0

BIR Form No. **1702-RT** January 2018(ENCS) **Page 4**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P4

Taxpayer Identification Number (TIN)	**Registered Name**
002 - 837 - 461 - 000	CROWN EQUITIES INC

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income *(From Part IV Item 33)*	0
2 Less: Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	0
3 Net Operating Loss*(Item 1 Less Item 2) (To Schedule IIIA, Item 7A)*	0

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Net Operating Loss		B) NOLCO Applied Previous Year
	Year Incurred	A) Amount	
4		0	0
5	2021	3,488,726	0
6	2019	2,050,368	0
7		0	0

Continuation of Schedule IIIA (Item numbers continue from table above)

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) *[E = A Less (B + C + D)]*
4	0	0	0
5	0	3,488,726	0
6	0	2,050,368	0
7	0	0	0
8 Total NOLCO *(Sum of Items 4D to 7D) (To Part IV, Item 36)*		5,539,094	

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)

	Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	2021	0	446,319	446,319
2	2020	0	728,221	728,221
3	2019	0	1,171,450	1,171,450

Continuation of Schedule IV *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	**F) Excess MCIT Applied this Current Taxable Year**	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	446,319
2	0	0	0	728,221
3	0	1,171,450	0	0
Total Excess MCIT Applied *(Sum of Items 1F to 3F) (To Part IV Item 47)*			0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1	Net Income/(Loss) per books	269,712,291
	Add: Non-deductible Expenses/Taxable Other Income	
2	RETIREMENT BENEFITS LIABILITY	8,541,494
3	OTHERS	8,231,707
3.1	ACCRUAL OF SALARIES AND WAGES	381,895
3.2	ACRUAL OF DIRECTOS AND OFFICERS PROFIT SHARING	4,115,223
3.3	DEPRECIATION AND AMORTIZATION	2,166,437
3.4	ACCRUAL OF COMMISSION	942,975
3.5	PENALTIES AND CHARGES	1,395
3.6	ACCRUAL OF ASSOCIATION DUES	401,341
3.7	OTHERS	222,441
4	Total *(Sum of Items 1 to 3)*	286,485,492
	Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5	REVERSAL OF ALLOWANCE FOR IMPAIRMENT LOSS ON INVES	212,063,980
6	OTHERS	66,715,010
6.1	EXCESS GROSS PROFIT FROM INSTALLMENT SALES	14,715,655
6.2	DIVIDEND INCOME	33,216,779
6.3	INTEREST INCOME	8,775,362
6.4	UNREALIZED GAIN ON FV CHANGES OF FA-FVPL	5,307,031
6.5	UNREALIZED FOREIGN EXCHANGE GAIN	4,587,894
6.6	RECOVERY OF IMPAIRMENT OF RECEIVABLES	112,289
	B) Special Deductions	
7	APPLIED NOLCO	5,539,094
8		0
9	Total (Sum of Items 5 to 8)	284,318,084
10	Net Taxable Income/(Loss) (Item 4 Less Item 9)	2,167,408

CROWN EQUITIES

INCORPORATED

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

In preparing the consolidated 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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible in overseeing the Group's financial reporting process.

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders in 2022 and 2021, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.

GEORGE L. GO	ROMUALD U. DY TANG	PATRICK D. GO
Chairman of the Board	President	Treasurer

APR 0 3 2023

SUBSCRIBED AND SWORN to before me this __________ affiant exhibiting to me their Tax Identification Number, as follows:

NAMES	**TIN**
George L. Go	100-929-738
Romuald U. Dy Tang	115-321-304
Patrick D. Go	149-511-050

Doc No. 23
Page No. 6
Book No. 7
Series. 2023

ATTY. JOEL FERRER FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023 (2023-2024)
APPOINTMENT NO. M-115
ROLL NO. 77376 / MCLE (EXEMPT)
PTR NO. 9563564 / JAN. 03, 2023 / MAKATI CITY
IBP NO. 261994 / JAN. 03, 2023 / PASIG CITY
1107 D. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	3	8	7	4	5

C O M P A N Y N A M E

CROWN EQUITIES, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

5th Floor Crown Center, 158 Jupiter cor. N. Garcia Sts., Bel-Air Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS	CRMD	N/A

C O M P A N Y I N F O R M A T I O N

Company's Email Address	Company's Telephone Number/s	Mobile Number
ebm@crownequitiesinc.com	**(632) 8-899-0081**	**+63 919 076 1391**

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
365	**4th Tuesday of May**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Eugene B. Macalalag	**ebm@crownequitiesinc.com**	**(632) 8-899-0081**	**–**

CONTACT PERSON'S ADDRESS

Crown Center, 158 Jupiter Corner N. Garcia St., Makati City

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
CROWN EQUITIES, INC. AND SUBSIDIARIES
5th Floor Crown Center
158 Jupiter cor. N. Garcia Sts.
Bel-Air Makati City

Opinion

We have audited the consolidated financial statements of CROWN EQUITIES, INC. AND SUBSIDIARIES (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2022, 2021 and 2020, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2022 and 2021, and their financial performance and their cash flows for the years ended December 31, 2022, 2021 and 2020, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that there are no such matters to report.

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Wilson P. Teo.

REYES TACANDONG & CO.

WILSON P. TEO
Partner
CPA Certificate No. 92765
Tax Identification No. 191-520-944-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 92765-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-014-2023
Valid until January 24, 2026
PTR No. 9564567
Issued January 3, 2023, Makati City

March 28, 2023
Makati City, Metro Manila

CROWN EQUITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2022**	2021
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱645,994,640**	₱522,714,862
Investments in quoted shares	5	**161,851,145**	216,281,045
Receivables	6	**71,206,861**	82,984,794
Inventories	7	**88,990,602**	107,080,805
Other current assets	8	**40,846,876**	46,233,320
Total Current Assets		**1,008,890,124**	975,294,826
Noncurrent Assets			
Noncurrent portion of installment contracts receivable	6	**84,951,745**	77,234,150
Investment properties	9	**1,070,106,650**	1,079,938,683
Property and equipment	10	**270,121,934**	265,161,487
Goodwill	11	**21,740,604**	21,740,604
Deferred tax assets	24	**21,012,556**	18,073,281
Other noncurrent assets	12	**17,841,253**	18,216,061
Total Noncurrent Assets		**1,485,774,742**	1,480,364,266
		₱2,494,664,866	₱2,455,659,092
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	13	**₱156,181,308**	₱164,862,976
Income tax payable		**1,747,040**	1,946,822
Total Current Liabilities		**157,928,348**	166,809,798
Noncurrent Liabilities			
Security deposits	23	**3,839,825**	3,404,897
Net retirement benefits liability	14	**23,954,096**	20,888,556
Deferred tax liabilities	24	**15,375,782**	10,128,829
Total Noncurrent Liabilities		**43,169,703**	34,422,282
Total Liabilities		**201,098,051**	201,232,080

(Forward)

		December 31	
	Note	**2022**	2021
Equity			
Capital stock	15	**₱1,977,523,246**	₱1,977,523,246
Additional paid-in capital	15	**118,570,274**	118,570,274
Retained earnings		**542,137,569**	491,473,267
Other comprehensive loss		**(19,038,931)**	(20,811,579)
		2,619,192,158	2,566,755,208
Treasury stock - at cost	15	**(481,523,251)**	(481,523,251)
Equity attributable to equity holders of the Parent Company		**2,137,668,907**	2,085,231,957
Non-controlling interests	15	**155,897,908**	169,195,055
Total Equity		**2,293,566,815**	2,254,427,012
		₱2,494,664,866	₱2,455,659,092

See accompanying Notes to Consolidated Financial Statements.

CROWN EQUITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2022**	2021	2020
REVENUE	16			
Real estate sales		**₱112,671,264**	₱110,123,650	₱88,854,180
Sale of services		**65,470,038**	51,259,195	39,436,127
Interest income from installment contracts receivable	4	**19,571,409**	20,118,526	15,451,922
Dividend income	5	**10,611,771**	14,420,616	14,990,571
Rental income	23	**14,455,349**	13,578,759	13,298,563
		222,779,831	209,500,746	172,031,363
DIRECT COSTS	17	**70,858,102**	66,409,339	63,625,199
GROSS INCOME		**151,921,729**	143,091,407	108,406,164
SELLING AND ADMINISTRATIVE EXPENSES	18	**(104,435,330)**	(88,312,928)	(81,239,085)
OTHER INCOME - Net	20	**35,622,109**	56,379,721	13,408,935
INCOME BEFORE INCOME TAX		**83,108,508**	111,158,200	40,576,014
PROVISION FOR (BENEFIT FROM) INCOME TAX	24			
Current		**13,660,694**	11,050,834	5,901,518
Deferred		**978,169**	5,455,386	(1,177,862)
		14,638,863	16,506,220	4,723,656
NET INCOME		**68,469,645**	94,651,980	35,852,358
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement gain (loss) on retirement benefits, net of tax effect	14	**1,824,004**	7,248,295	(533,123)
Unrealized fair value loss on financial assets at fair value through other comprehensive income (FVOCI)	12	**–**	(32,000,000)	–
TOTAL COMPREHENSIVE INCOME		**₱70,293,649**	₱69,900,275	₱35,319,235
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**₱50,664,302**	₱75,709,746	₱27,871,667
Non-controlling interests		**17,805,343**	18,942,234	7,980,691
		₱68,469,645	₱94,651,980	₱35,852,358

	Note	Years Ended December 31 **2022**	2021	2020
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**₱52,436,950**	₱50,683,623	₱27,391,387
Non-controlling interests		**17,856,699**	19,216,652	7,927,848
		₱70,293,649	₱69,900,275	₱35,319,235
BASIC/DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	22	**₱0.00339**	₱0.00506	₱0.00186

See accompanying Notes to Consolidated Financial Statements.

CROWN EQUITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2022**	2021	2020
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
CAPITAL STOCK	15			
Balance at beginning and end of year		**₱1,977,523,246**	₱1,977,523,246	₱1,977,523,246
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning and end of year	15	**118,570,274**	118,570,274	118,570,274
RETAINED EARNINGS				
Balance at beginning of year		**491,473,267**	415,763,521	387,891,854
Net income		**50,664,302**	75,709,746	27,871,667
Balance at end of year		**542,137,569**	491,473,267	415,763,521
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss in subsequent periods				
Cumulative Unrealized Fair Value Losses on Financial Assets at FVOCI				
Balance at beginning of year		**(32,000,000)**	–	–
Unrealized loss on fair value changes	12	**–**	(32,000,000)	–
Balance at end of year		**(32,000,000)**	(32,000,000)	–
Cumulative Remeasurement Gain on Retirement Benefits Liability	14			
Balance at beginning of year		**11,188,421**	4,214,544	4,694,824
Remeasurement gain (loss), net of tax		**1,772,648**	6,973,877	(480,280)
Balance at end of year		**12,961,069**	11,188,421	4,214,544
		(19,038,931)	(20,811,579)	4,214,544
TREASURY STOCK – at cost				
Balance at beginning and end of year	15	**(481,523,251)**	(481,523,251)	(481,523,251)
		2,137,668,907	2,085,231,957	2,034,548,334
NON-CONTROLLING INTERESTS				
Balance at beginning of year		**169,195,055**	163,478,403	155,550,555
Total comprehensive income attributable to non-controlling interests		**17,856,699**	19,216,652	7,927,848
Dividends declared by a subsidiary	15	**(31,153,846)**	(13,500,000)	–
Balance at end of year		**155,897,908**	169,195,055	163,478,403
		₱2,293,566,815	₱2,254,427,012	₱2,198,026,737

See accompanying Notes to Consolidated Financial Statements.

CROWN EQUITIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2022**	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱83,108,508**	₱111,158,200	₱40,576,014
Adjustments for:				
Gain on sale of investment properties	9	**(26,401,480)**	–	–
Depreciation and amortization	9	**12,205,647**	11,929,797	13,004,736
Interest income from:	4			
Cash in banks and short-term placements		**(11,013,535)**	(3,065,228)	(6,197,347)
Loans receivable		**(999,999)**	(118,056)	(4,545,976)
Dividend income	5	**(10,611,771)**	(14,420,616)	(14,990,571)
Retirement benefits cost	14	**9,786,814**	5,635,251	5,118,930
Unrealized foreign exchange loss (gain)	20	**(5,172,968)**	(585,074)	637,326
Unrealized loss (gain) on fair value changes in investments in quoted shares	5	**2,871,773**	(39,914,761)	5,058,940
Reversal of allowance for impairment losses on receivables	20	**(112,289)**	–	–
Provision for impairment losses on receivables and other assets	18	**–**	–	487,162
Operating income before working capital changes		**53,660,700**	70,619,513	39,149,214
Decrease (increase) in:				
Receivables		**(15,827,373)**	(19,960,412)	12,140,148
Investments in quoted shares		**51,558,127**	6,760,691	7,411,480
Inventories		**22,832,603**	25,154,635	17,911,991
Other assets		**8,706,914**	8,066,316	6,003,387
Increase (decrease) in:				
Accounts and other payables		**(8,536,929)**	15,160,722	1,973,434
Security deposits		**434,928**	215,317	297,359
Net cash generated from operations		**112,828,970**	106,016,782	84,887,013
Income taxes paid		**(16,806,138)**	(9,313,875)	(16,684,345)
Interest received		**12,013,534**	3,183,284	10,743,323
Dividends received		**10,611,771**	14,420,616	14,990,571
Payments of retirement benefits	14	**(3,712,500)**	–	–
Net cash flows from operating activities		**114,935,637**	114,306,807	93,936,562

(Forward)

	Note	2022	2021	2020
		Years Ended December 31		
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investment properties	9	**₱31,432,500**	₱–	₱–
Collections of loans receivable	6	**20,000,000**	25,000,000	25,000,000
Acquisitions of and additions to:				
Property and equipment	10	**(15,122,225)**	(25,481,633)	(5,526,215)
Investment properties	9	**(1,985,256)**	–	(394,407)
Loans granted to a third party	6	**–**	(20,000,000)	–
Net cash flows from investing activities		**34,325,019**	(20,481,633)	19,079,378
CASH FLOW FROM A FINANCING ACTIVITY				
Payments of dividends to non-controlling interests	15	**(31,153,846)**	(13,500,000)	(14,540,400)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**5,172,968**	585,074	(637,326)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**123,279,778**	80,910,248	97,838,214
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**522,714,862**	441,804,614	343,966,400
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱645,994,640**	₱522,714,862	₱441,804,614

SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITY				
Reclassification from investment property to inventories	7	**₱4,742,400**	₱–	₱–

COMPONENTS OF CASH AND CASH EQUIVALENTS	4			
Cash on hand		**₱20,000**	₱24,208	₱54,998
Cash in banks		**103,478,463**	50,518,939	231,489,419
Short-term placements		**542,496,177**	472,171,715	210,260,197
		₱645,994,640	₱522,714,862	₱441,804,614

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022 AND 2021
AND FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

1. **General Information**

Corporate Information

Crown Equities, Inc. ("CEI" or the "Parent Company"), a public corporation under Section 17.2 of the Securities Regulation Code (SRC), was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on October 24, 1969. The registration was extended for another 50 years in 2018. Under the Revised Corporation Code of the Philippines (the "RCC"), which was signed into law on February 20, 2019, a corporation with certificate of incorporation issued prior to the effective date of the RCC and which continues to exist shall have perpetual existence. Accordingly, the Parent Company has perpetual corporate term. The Parent Company is an investment holding company, currently engaged in the business of real estate development and healthcare through its subsidiaries. Its shares are listed on the Philippine Stock Exchange (PSE).

The Parent Company's registered office address is located at the 5th Floor Crown Center, 158 Jupiter cor. N. Garcia Sts., Bel-Air Makati City.

Subsidiaries

The consolidated financial statements include the accounts of CEI and the following subsidiaries (collectively referred herein as the "Group") as at December 31, 2022, 2021 and 2020:

Name of Subsidiary	% of Ownership	Nature of Business	Principal Place of Business
Crown Central Properties, Corp. (CCPC)	48%	Real Estate	Biñan, Laguna
Parkfield Land Holdings, Inc. (PLHI)	75%	Real Estate	Makati City
Healthcare Systems of Asia Phils., Inc (HSAPI)	97%	Holding	Makati City
Fortmed Medical Clinics Makati, Inc. (FMCMI) [(a)]	97%	Healthcare	Makati City
Argent Capital Holdings Corporation (ACHC)	100%	Holding	Makati City

(a) Indirectly owned through HSAPI.

CCPC. CCPC was incorporated and registered with the SEC on September 3, 1996 and is engaged in acquiring, developing and selling real estate properties. CCPC has completed projects in Palma Real Residential Estates, located in Biñan, Laguna (see Note 23).

Management has determined that the Parent Company has control over the financial and operating policies of CCPC through representation on the Board of Directors (BOD) (see Note 3).

PLHI. PLHI was incorporated and registered with the SEC on April 11, 2001 and is engaged in acquiring, developing and selling real estate properties. As at December 31, 2022 and 2021, PLHI only holds parcels of land for undeterminable future use.

HSAPI. HSAPI was incorporated and registered with the SEC on July 26, 1996 as an investment holding company. HSAPI owns 100% interest ownership in FMCMI.

FMCMI. FMCMI was incorporated and registered with the SEC on January 21, 1997 and is engaged in providing and delivering medical and health care services. FMCMI has two clinics located in Makati City and Sta. Rosa, Laguna.

ACHC. ACHC was incorporated and registered with the SEC on August 28, 2019 and is engaged in investing activities. The Parent Company subscribed to 10.0 million shares of ACHC at ₱10.0 par value a share and paid ₱25.0 million. Total subscription paid amounted to ₱50.0 million as at December 31, 2021.

Approval of Consolidated Financial Statements
The consolidated financial statements as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 were approved and authorized for issuance by the Executive Committee on March 28, 2023, as authorized by the Board of Directors (BOD) on February 28, 2023.

2. Summary of Significant Accounting and Reporting Policies

The significant accounting policies used in the preparation of the consolidated financial statements have been consistently applied to all years presented, unless otherwise stated.

Basis of Preparation and Statement of Compliance
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations on International Financial Reporting Interpretations Committee (IFRIC).

Bases of Measurement
The consolidated financial statements are presented in Philippine Peso (Peso), the Group's functional currency. All values are rounded to the nearest Peso except when otherwise indicated.

The consolidated financial statements of the Group have been prepared on a historical cost basis except for investments in quoted shares designated as financial assets at fair value through profit or loss (FVPL), investment in unquoted shares designated as financial assets at fair value through other comprehensive income (FVOCI), and retirement benefits liability which is carried at the present value of the defined benefit obligation net of the fair value of plan assets. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring a liability.

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 Group uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- 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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes to consolidated financial statements:

- Note 3 - Significant Judgments, Estimates and Assumptions
- Note 5 - Investments in Quoted Shares
- Note 9 - Investment Properties
- Note 12 - Investment in Unquoted Shares under “Other Noncurrent Assets”
- Note 25 - Fair Value of Financial Assets and Liabilities

Adoption of Amended PFRSs

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of following amended PFRSs:

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. There is no transition relief for first-time adopters.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The ‘costs of fulfilling’ a contract comprise the ‘costs that relate directly to the contract’. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.

- Annual Improvements to PFRS 2018 to 2020 Cycle –

    - Amendment to PFRS 9, *Financial Instruments - Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

Under prevailing circumstances, the adoption of the amended PFRS did not materially affect the consolidated financial statements of the Company. Additional disclosures were included in the consolidated financial statements, as applicable.

New and Amended PFRS But Not Yet Effective or Adopted

Relevant new and amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* –The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments should be applied on a modified retrospective basis. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

Deferred effectivity:

- Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

- SEC Memorandum Circular No. 34, Series of 2020 - *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods PAS 23 - Borrowing Cost for Real Estate Industry* – The circular provides relief to the real estate industry by deferring the application of the provisions of the PIC Q&A No. 2018-12 with respect to the accounting for significant financing component and the exclusion of land in the calculation of Percentage-of-Completion (POC) and IFRIC agenda decision on over time transfer of constructed goods under PAS 23 - borrowing cost with respect to the accounting of capitalized borrowing cost, for another period of three (3) years or until 2023. Effective January 1, 2024, real estate companies will adopt PIC Q&A No. 2018-12, IFRIC agenda decision on over time transfer of constructed goods and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

Had these specific provisions been adopted, the impact on the consolidated financial statements would have been 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 effective interest rate method and this would have impacted retained earnings and revenue from real estate sales as at and for the years ended

December 31, 2022, 2021, and 2020. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation
The consolidated financial statements of the Group comprise the financial statements of the Parent Company and its subsidiaries.

Subsidiaries. Subsidiaries are entities in which the Group has control. The Group controls a subsidiary if it is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Control is generally accompanied by a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are substantive are considered when assessing whether the Group controls an entity. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control and continue to be consolidated until the date when such control ceases. The results of operations of the subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in the ownership interest of a subsidiary, without a change in control, is accounted for as an equity transaction. Upon the loss of control, the Group derecognizes the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Gain or loss arising from the loss of control is recognized in profit or loss. If the Group retains an interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial assets at FVOCI depending on the level of interest retained.

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets not held by the Group, presented within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Parent Company. Non-controlling interests represent the interests of minority shareholders of CCPC, PLHI, HSAPI and FMCMI.

Business Combination and Goodwill
Acquisitions of businesses are accounted for using the acquisition method. The acquisition cost is measured as the sum of the considerations transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in selling and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

When the business combination is achieved in stages, any previously held non-controlling interests is re-measured at the date of obtaining control and a gain or loss is recognized in profit or loss.

If the initial accounting for a business combination is incomplete as at the reporting date in which the combination occurs, the Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts and recognizes additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period ends at the date the Group receives the information about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable, but should not exceed one year from the acquisition date.

Goodwill, which arose from the acquisitions of controlling shares in HSAPI in 2014, is initially measured at the acquisition date as the sum of the fair value of consideration transferred; the recognized amount of any non-controlling interests in the acquiree; and, if the business combination is achieved in stages, the fair value of existing equity interest in the acquiree less the fair value of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the bargain purchase gain is recognized directly in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the entity's cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the entity are assigned to those units or groups of units. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

Where goodwill has been allocated to a cash-generating unit or group of cash generating units and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation in determining the gain or loss on disposal. Goodwill disposed in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Financial Assets and Liabilities

Recognition and Measurement

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way of purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVPL, includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of 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. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference 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 "Day 1" difference.

Classification

The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

As at December 31, 2022 and 2021, the Group does not have financial liabilities at FVPL.

Classification of Financial Instruments between Liability and Equity. A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;

- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- satisfy 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.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Financial Assets at FVPL. Financial assets at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Group had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Group may, at initial recognition, designate a financial asset meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at December 31, 2022 and 2021, the Group designated its investments in quoted shares as financial assets at FVPL.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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 are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through an amortization process. Financial assets at amortized cost are included under current assets if realizability or collectibility is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2022 and 2021, the Group's cash and cash equivalents, receivables, refundable deposits and construction bond (both presented under "Other assets") are classified under this category.

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 dates of placement and which are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Group may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in other comprehensive income and presented in the equity section of the consolidated statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods, even if the asset is sold or impaired. The cumulative fair value adjustment is transferred to retained earnings when the asset is sold.

As at December 31, 2022 and 2021, the Group designated its investment in unquoted shares as a financial asset at FVOCI.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either 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 its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2022 and 2021, the Group’s accounts and other payables (excluding contract liabilities, deposits for document processing, statutory payable and unearned rental income) and security deposits are classified under this category.

Reclassification
The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset. The financial asset is measured at the reclassification day as if it had always been measured at amortized cost.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed of. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment
The Group records an allowance for expected credit losses (ECL) which is 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 difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables (excluding installment contracts receivable), the Group has applied the simplified approach and has calculated ECL based on the lifetime ECL. 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 installment contracts receivable and other financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition

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

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial 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 right to receive cash flows from the financial 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 right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Inventories
Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and net realizable value (NRV).

Real Estate Inventories. Real estate inventories include constructed houses, lots and condominium and parking units which are for sale in the ordinary course of business rather than to be held for rental or capital appreciation. Costs include the acquisition cost of the land plus costs incurred for development and improvement of the properties. NRV is the estimated selling price in the ordinary course of business less estimated costs to complete and sell. Cost represents price using a specific identification method.

Medical Supplies. Medical supplies pertain to medical, laboratory and pharmacy supplies. Cost represents purchase price determined using first-in, first-out method. NRV is the current replacement cost.

At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its NRV. The impairment loss is recognized immediately in profit or loss.

When inventories are sold, the carrying amount of those inventories is recognized to profit or loss in the year when the related revenue is recognized.

Investment Properties
Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

Investment properties, except land, are measured at cost less accumulated depreciation and any impairment in value. Land is stated at cost less any impairment in value. The carrying amount includes the cost of replacing part of existing investment properties at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of investment properties.

Depreciation and amortization are calculated on a straight-line basis over the estimated useful life of 30 years.

The estimated useful life and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of investment properties.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

Investment properties are derecognized when either these have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the year of retirement or disposal.

Property and Equipment
Property and equipment, except land and construction-in-progress (CIP), are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

CIP represents the on-going construction of the additional floor of the building and is stated at cost including costs of construction and other direct costs. This is not depreciated until such time that the relevant assets are completed and ready for operational use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year 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 additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When significant parts of an item of property and equipment have different useful lives, these are accounted for as separate items (major components) of property and equipment.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives:

Asset type	Useful Life in Years
Building and building improvements	10 to 30
Medical equipment	5 to 7
Transportation equipment	5
Office furniture, fixtures and equipment	3 to 5

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

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation, amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Other Assets

Creditable withholding taxes (CWTs). CWTs represent the amount withheld by the Group's customers in relation to its income. CWTs can be carried forward to the succeeding year when in excess of income tax payable and utilized as payment for income taxes provided that these are properly supported with certificates of creditable tax withheld at source. CWTs are stated at face amount less any impairment in value.

Value-added Tax (VAT). Revenue, expenses and assets (except for receivables and payables), are generally recognized net of the amount of VAT. The net amount of VAT recoverable from taxation authority is presented as "Input VAT".

Deferred Input VAT. In accordance with Revenue Regulations (RR) No. 16-2005, as amended by RR No. 13-2018, input VAT on purchases or imports of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter. Deferred input VAT that is expected to be realized within 12 months after the financial reporting period is classified as current asset. Otherwise, it is classified as noncurrent asset.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million or if the purchase was made on or after January 1, 2022, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Prepayments. Prepayments are expenses paid in advance and recorded as assets based on the amount paid before these are utilized. Prepayments are apportioned over the period covered by the payment and included in profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the financial reporting period are classified as current assets.

Advances to Officers and Employees. Advances to officers and employees pertain to advances for payments of regular business expenditure that are subject to liquidation. These will be charged to appropriate asset or expense account upon liquidation. These are measured at transaction amount, less any impairment in value.

Interests in Joint Operations

A joint arrangement is an arrangement whereby the parties are bound by a contractual arrangement and such contractual arrangement gives two or more of those parties joint control of the arrangement. A joint arrangement is either a joint operation or joint venture.

A joint operation involves the use of assets and other resources of the Group and other venturers rather than the establishment of a corporation, partnership or other entity. The Group accounts for the assets it controls, and the liabilities and expenses it incurs, and the share of the income that it earns from the sale of goods, properties or services by the joint operation. The assets contributed to the joint operation are measured at the lower of cost or NRV.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

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 recoverable amount is estimated. 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. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined (net of depreciation and amortization for investment properties and property and equipment) had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization is adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Employee Benefits

Short-term Benefits. Short-term employee benefits are recognized as an expense in the period when the economic benefits are given. Unpaid benefits at the end of the accounting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, short-term compensated absences and non-monetary benefits.

Retirement Benefits. The retirement benefit costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit liability is performed by a qualified actuary.

The Group recognizes current service costs, past service costs and interest expense on the retirement benefits liability in profit or loss. Interest expense is calculated by applying the discount rate to the retirement benefits liability at the beginning of the year, taking into account any changes in the defined liability during the period as a result of benefit payments.

Remeasurements of the retirement benefits liability, which pertains to actuarial gains and losses, are recognized immediately in other comprehensive income in the period in which they arise.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The retirement benefits liability recognized by the Group is the present value of the defined benefit obligation reduced by the fair value of plan asset. The present value of defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related retirement benefits liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Equity

Capital Stock and Additional Paid-in Capital (APIC). Capital stock is measured at par value for all shares subscribed and/or issued. The subscribed capital stock is reported in equity at par less the related subscription receivable not collectible currently. Incremental costs, net of tax, incurred that are directly attributable to the issuance of new shares are recognized in equity as a reduction from related APIC or retained earnings. Excess of proceeds or fair value of the consideration received over par value is recognized as APIC.

Retained Earnings. Retained earnings represent the cumulative balance of the Group's results of operations, net of dividends. Retained earnings may also include the effect of changes in accounting policy as may be required by the standard's transitional provision.

Dividend Distribution. Dividends are recognized as a liability and deducted from equity when declared by the BOD and the shareholders of the Group. Dividends for the year that are declared after the reporting date are dealt with as an event after the reporting date.

Other Comprehensive Income. This pertains to the cumulative unrealized fair value losses on financial assets at FVOCI and cumulative remeasurement gains or losses on the Group's retirement benefits liability arising from experience adjustments and changes in financial assumptions. Unrealized fair value loss on financial assets at FVOCI and remeasurements of retirement benefits liability, and the corresponding deferred tax component of the remeasurements of retirement benefits liability, are recognized immediately in other comprehensive income and are included in equity. These are not reclassified to profit or loss in subsequent periods.

Treasury Stock. Own equity instruments which are reacquired 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 between the carrying amount and the consideration, if reissued, is recognized in APIC. Voting rights related to treasury stock are nullified for the Group and no dividends are allocated to them.

Revenue Recognition

The Group generates revenue primarily from real estate sales, sale of goods, and sale of premium quality healthcare services. Other revenue sources include rental income from investment properties.

Revenue from Contracts with Customers. Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must 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 contract price is collectible. Collectibility of the contract price is demonstrated by the buyer's commitment to pay, which is supported by the buyer's initial and continuous investments that motivate the buyer to honor its obligation. Collectibility is also assessed by considering factors such as collections and credit standing of the buyer.

  The collectibility of the sales price is considered reasonably assured when a substantial portion of the contract price is received and continuing payment is made by the buyer giving the buyer a substantial stake in the property sufficient to motivate the buyer to fulfill its purchase commitment.

Revenue from sales of completed real estate projects is generally accounted for using the full accrual method.

Pending recognition of sale, cash received from buyers are presented as “Contract liabilities” account in the consolidated statement of financial position. Collections for processing of deed of sale and other documents necessary in transferring titles to real estate buyers are presented as “Deposits for document processing” under “Accounts and other payables” in the consolidated statement of financial position.

- *Sale of Services*. Revenue is recognized when the performance of contractually agreed healthcare services has been rendered. Revenue from healthcare services is gross of physician’s fee.

Revenue from Other Sources. Revenue from other sources is recognized as follows:

- *Rental Income.* Rental income is recognized on a straight-line basis over the lease term. Income collected in advance is deferred and is included as “Unearned rental income” in “Accounts and other payables” account in the consolidated statement of financial position.

- *Dividend Income.* Dividend income is recognized on the date when the Group’s right to receive payment is established.

- *Interest Income.* Interest income from financial assets at FVPL is included in the net fair value gains (losses) on these assets. Interest income on financial assets at amortized cost calculated using the effective interest method is recognized as interest income under revenue. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as such where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Other Income
The Group’s other sources of income, which are mainly from gains on disposal of assets, forfeiture of customer deposits, surcharges, and other fees, are recognized as income when earned.

<u>Contract Balances</u>

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

  As at December 31, 2022 and 2021, the Group does not have outstanding contract assets.

- *Contract Liabilities*. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration is due) from the customer. If a customer pays a consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made by the customer or when the payment is due (whichever is earlier). Contract liabilities are recognized as revenue as the Group performs its obligation under the contract. Contract liabilities also include payments received by the Group from customers for which revenue recognition has not yet commenced and payments in excess of revenue recognized based on percentage of completion.

  As at December 31, 2022 and 2021, the balances of contract liabilities are disclosed in Note 13.

- *Cost to Obtain a Contract.* If the Group expects to recover the incremental costs of obtaining a contract with a customer, the costs are recognized as an asset. The Group has determined that commissions paid to brokers and 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 administrative expenses" account in the consolidated statement of comprehensive income. Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

- *Contract Fulfillment Asset.* 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 first 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 these criteria requires the application of judgment, 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.

  As at December 31, 2022 and 2021, the Group does not have cost to obtain a contract and contract fulfillment asset.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Cost of Real Estate Sold. Cost of real estate sold is recognized in profit or loss upon sale and is determined with reference to the specific costs incurred on the property, allocated to saleable areas based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

Cost of Services. Cost of services is recognized as expense when the related services are rendered.

Selling and Administrative Expenses. Selling and administrative expenses constitute costs incurred to sell and market the goods and costs of administering the business. These are recognized as expenses in the period when these are incurred.

Foreign Currency Transactions and Translation
Transactions in currencies other than Peso are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the year such are realized.

Leases
The Group assesses whether the contracts are, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

i. the right to obtain substantially all of the economic benefits from the use of the identified asset; and

ii. the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

The Group as a Lessee. At the commencement date, the Group recognizes right-of-use (ROU) assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered 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.

Deferred Tax. Deferred tax is provided 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 tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of net operating loss carryover (NOLCO) and excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carryforward benefits of NOLCO and excess MCIT can be utilized within the period allowed by the tax regulations.

The carrying amount of a deferred tax asset 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 asset to be utilized within the period allowed by the tax regulations. 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 tax assets and liabilities are measured at the tax rates and tax laws that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Offsetting. Current tax assets and current tax liabilities are offset, or deferred tax assets and deferred tax liabilities are offset if, and only if, an enforceable right exists to set off the amounts and it can be demonstrated without undue cost or effort that the Group plans either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Related Party Relationships and Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities that are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Related party transactions are considered material and/or significant if (i) these transactions amount to 10% or higher of the Group's total assets or, (ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group's total assets. Details of transactions entered into by the Group with related parties are reviewed by independent directors in accordance with the Group's related party transactions policy.

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 due to the passage of time is recognized as interest expense.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The estimates of outcome and financial effect are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting period.

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. These are disclosed in the notes to consolidated financial statements 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 financial position as at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Earnings Per Share (EPS)

The Group presents basic and diluted EPS data for its common shares.

Basic EPS is calculated by dividing the net income attributable to common shareholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year. The Parent Company does not have potential dilutive shares.

Operating Segments

For management purposes, the Group is divided into operating segments per products/services, (real estate, healthcare services, and investment holdings) according to the nature of the products and services provided. The Group's identified operating segments are consistent with the segments reported to the BOD which is the Group's chief operating decision maker. Financial information on operating segments is presented in Note 27.

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3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to exercise judgments, make accounting estimates and use assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments and accounting estimates used in the consolidated financial statements are based on management's evaluation of relevant facts and circumstances as at the reporting date.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the year in which the estimate is revised if the change affects only that year or in the year of the revision and future periods if the change affects both current and future years.

The Group believes that the following represent a summary of these significant judgments, accounting estimates and assumptions and the related impact and associated risks in the consolidated financial statements:

Classifying Financial Instruments. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

Management has determined that the Group's investments in quoted shares are acquired principally for the purpose of selling in the near term; hence, the Group classified its investments in quoted shares as financial asset at FVPL.

Management has determined that the Group's investments in unquoted shares is to be held indefinitely and will be sold in response to liquidity requirements; hence, the Group classified its investments as financial asset at FVOCI.

Classifying a Property. The Group determines whether a property is classified as real estate inventories, investment properties, or property and equipment:

- Real estate inventories comprise properties that are held for sale in the ordinary course of business. Principally, these are condominium units and residential properties that the Group develops and intends to sell before or on completion of construction.

- Investment properties consist of properties which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

- Property and equipment are tangible items that are held for use in the delivering or supply of goods or services and are expected to be used for more than one period. These are properties which are owner-occupied and are substantially for use of the Group or in the operations.

Assessing Contingencies. The Group is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Group's management and legal counsel believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements. Accordingly, no liability for probable losses arising from contingencies was recognized in the consolidated financial statements as at December 31, 2022 and 2021.

Classifying Lease Commitments. The Group as lessor has entered into lease agreements for its office building and condominium units. The Group has determined, based on the evaluation of terms and conditions of agreement, that as lessor it retains all the significant risks and benefits of ownership related to the leased properties. Accordingly, the agreements are accounted for as operating leases.

The amount of rental income earned is disclosed in Note 23.

Determining Control over Investee Companies. Control over an investee is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Management has determined that the Parent Company has control over the financial and operating policies of CCPC through representation on the BOD of CCPC. Accordingly, CCPC is considered as a subsidiary.

Identifying Performance Obligation. The Group has various contracts to sell covering (a) houses and lots and (b) condominium units. The Group concluded that there is one performance obligation in each of these contracts because, for houses and lots, the Group integrates the lots it sells with the associated infrastructure to be able to transfer the lot promised in the contract. For the contract covering condominium units, the Group has the obligation to deliver the condominium unit duly constructed in a specific lot and fully integrated into the 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.

Determining Revenue and Cost Recognition. Selecting an appropriate revenue recognition method for a particular real estate transaction requires certain judgments based on the buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment and completion of development. The Group concluded that revenue for real estate sales for completed real estate projects is to be recognized at a point in time, when control is transferred. The control is transferred when the customer has accepted the asset and the customer acceptance of an asset may indicate that it has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The amounts of real estate sales and cost of real estate sold are disclosed in Notes 16 and 17, respectively.

Determining Reportable Operating Segments. The Group has determined that it has reportable segments based on the following thresholds:

a. Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.

b. The absolute amount of its reported profit or loss is 10% or more, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.

c. Its assets are 10% or more of the combined assets of all operating segments.

Assessing ECL. While cash and cash equivalents, refundable deposits and construction bond are also subject to the impairment requirements of PFRS 9, the assessed impairment loss is not material.

<u>Trade Receivables (Excluding Installment Contracts Receivable)</u>. The Group applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are initially based on the Group's historical default rates. These historical default rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their payables to the Group. The Group has identified macroeconomic factors (i.e. gross domestic product growth rates, foreign exchange rates, inflation rate, etc.) that are relevant, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The assessment of the correlation between historical default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

<u>Installment Contracts Receivable and Other Financial Assets at Amortized Cost</u>. The Group applies the general approach in measuring ECL which uses a 12-month or lifetime ECL for all installment contracts receivable and other financial assets at amortized cost. To measure the ECL, these have been grouped based on shared credit risk characteristics and the days past due.

The information about the ECL on the Group's financial assets at amortized cost is disclosed in Note 26. The amount of impairment loss on receivables is disclosed in Note 6. The carrying amounts of these financial assets are disclosed in Notes 4, 6 and 8.

Estimating the Fair Value of Financial Instruments. When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the net asset method. The inputs to this method are based on net asset value on the consolidated statement of financial position, but where these are not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

The information on fair value measurement of financial assets and liabilities is disclosed in Note 25.

Estimating the NRV of Inventories. The Group determines the NRV of inventories annually in accordance with the accounting policy stated in Note 2. In determining the NRV, the Group considers the current selling price of the inventories for sale and estimated costs to complete and sell. The Group writes down the carrying amount of the inventories when the NRV becomes lower than the carrying amount.

The amount of inventories carried at the lower of cost and NRV is disclosed in Note 7.

Estimating the Useful Lives of Investment Properties and Property and Equipment. The useful lives of the Group's investment properties (excluding land) and property and equipment (excluding land and CIP) are estimated based on the period over which the assets are expected to be available for use. The estimation of the useful lives of investment properties and property and equipment is also based on a collective assessment of industry practices, internal technical valuation and experience with similar assets. The estimated useful life is reviewed and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, or legal or other limitations on the use of the assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in these factors and circumstances.

There were no changes in the estimated useful lives of these assets in 2022, 2021 and 2020. The carrying amounts of investment properties and property and equipment are disclosed in Notes 9 and 10, respectively.

Estimating the Fair Value of Investment Properties. Investment properties are measured at cost but fair values are disclosed. The Group works closely with external qualified appraisers who performed the valuation using appropriate valuation techniques. The appraiser used a valuation technique based on comparable market data adjusted as necessary to reflect the specific assets' location and condition and, estimated expected future cash flows, yields, occupancy rates, discount rates, replacement costs and remaining economic life. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 9 to the consolidated financial statements.

For the purpose of fair value disclosures, the Group has determined the nature, characteristics and risks of the investment properties and the level of the fair value hierarchy.

Details of investment properties are disclosed in Note 9 to the consolidated financial statements.

Assessing the Impairment of Nonfinancial Assets and Goodwill. The Group assesses impairment on its nonfinancial assets (excluding goodwill) whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include the following:

- significant underperformance of a business in relation to expectations;
- significant negative industry or economic trends; and
- significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Recoverable amount represents the greater of the fair value less cost to sell and the value in use.

Goodwill is tested for impairment annually and more frequently, when circumstances indicate that the carrying amount may be impaired.

No provision for impairment loss was recognized on nonfinancial assets (except investment properties) and goodwill. The carrying values of the Group's other assets (excluding refundable deposits and construction bond), property and equipment and goodwill are disclosed in Notes 8, 10, 11 and 12.

Provision for losses on and carrying amount of investment properties are disclosed in Note 9.

Determining the Retirement Benefits Liability. The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. The assumptions are described in Note 14 to the consolidated financial statements and include, among others, discount rates and salary increase rates.

The amount of retirement benefits costs recognized and the carrying amount of retirement benefits liability are disclosed in Note 14.

Assessing the Recognition of Deferred Tax Assets. The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized within the period allowed by the tax regulations. The Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenue and expenses.

The amounts of recognized and unrecognized deferred tax assets are disclosed in Note 24.

4. Cash and Cash Equivalents

This account consists of cash on hand, cash in banks and short-term placements.

Cash in banks earn interest at prevailing bank deposit rates.

Short-term placements are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at prevailing short-term placement rates.

Interest income earned is from the following:

	Note	**2022**	2021	2020
Cash in banks and short-term placements	20	**₱11,013,535**	₱3,065,228	₱6,197,347
Installment contracts receivable	6	**19,571,409**	20,118,526	15,451,922
Loans receivable	6	**999,999**	118,056	4,545,976
		₱31,584,943	₱23,301,810	₱26,195,245

5. Investments in Quoted Shares

This account pertains to marketable equity shares that are listed and traded in the PSE and the Singapore Stock Exchange. The fair value of the marketable equity securities amounted to ₱161.9 million and ₱216.3 million as at December 31, 2022 and 2021, respectively.

The fair values were determined based on the closing bid prices at the reporting date (Level 1 hierarchy) (see Note 25).

Unrealized gain (loss) on the changes in fair value on investments in quoted shares amounted to (₱2.9 million), ₱39.9 million and (₱5.1 million) in 2022, 2021 and 2020, respectively (see Note 20).

Sale of investments in quoted shares resulted in a realized loss of ₱9.3 million in 2022, and realized gain of ₱9.3 million and ₱6.7 million in 2021 and 2020, respectively (see Note 20).

Dividend income was derived from the following (see Note 16):

	Note	**2022**	2021	2020
Quoted shares		**₱10,611,771**	₱10,784,429	₱6,962,157
Unquoted shares	12	**–**	3,636,187	8,028,414
		₱10,611,771	₱14,420,616	₱14,990,571

6. **Receivables**

This account consists of:

	Note	**2022**	2021
Installment contracts receivable		**₱104,746,824**	₱100,040,428
Due from a Project Developer	23	**32,434,289**	28,608,038
Receivables from:			
Patient services		**16,284,549**	14,729,357
Contractors		**12,741,843**	12,929,054
Real estate buyers		**5,183,994**	1,589,150
Billed rentals	23	**1,707,535**	1,707,535
Loan receivable		**–**	20,000,000
Others		**5,950,300**	4,138,142
Total receivables		**179,049,334**	183,741,704
Allowance for impairment losses		**(22,890,728)**	(23,522,760)
Net receivables		**156,158,606**	160,218,944
Less noncurrent portion of installment contracts receivable		**84,951,745**	77,234,150
		₱71,206,861	₱82,984,794

<u>Installment Contracts Receivable</u>
Installment contracts receivable pertain to real estate sales. These are collectible in various installment periods of between two to 15 years and earn interest at 14% per annum.

Interest income earned from installment contracts receivable amounted to ₱19.6 million, ₱20.1 million and ₱15.5 million in 2022, 2021 and 2020, respectively (see Note 4).

<u>Other Receivables</u>
Due from a Project Developer relates to collections of installment receivables by a developer. These are to be remitted to the Group.

Receivables from patient services are noninterest-bearing and are normally collectible within 30 to 60 days.

Receivables from contractors pertain to advance payments made to contractors. These are fully impaired and provided with allowance for impairment loss.

Receivable from real estate buyers includes processing fees paid by the Group that are necessary to transfer the title to the buyers which are chargeable to the buyers.

<u>Loan Receivable</u>
The Parent Company entered into an Omnibus Loan and Security Agreement (the "Agreement") granting loan facility to a third party (the "Borrower").

The loan is for a maximum term of six months and bears an interest rate of 10% per annum. It is secured by a surety of an individual and pledged shares (common shares listed in the PSE) approximating 200% of the loan amount. The Agreement stipulates that in the event that the market value of the Pledged Shares falls below 195% of the outstanding loan amount, the Borrower shall immediately pledge additional shares to reinstate the required collateral.

Movements in this account are as follows:

	2022	2021
Balance at beginning of year	**₱20,000,000**	₱25,000,000
Collections	**(20,000,000)**	(25,000,000)
Loans granted	**–**	20,000,000
Balance at end of year	**₱–**	₱20,000,000

Interest income earned from the loan amounted to ₱1.0 million, ₱118,056, and ₱4.5 million in 2022, 2021 and 2020, respectively (see Note 4).

<u>Allowance for Impairment Losses</u>
Details of allowance for impairment losses on receivables are as follows:

	Note	2022	2021
Balance at beginning of year		**₱23,522,760**	₱23,522,760
Write-off		**(519,743)**	–
Reversal	20	**(112,289)**	–
Balance at end of year		**₱22,890,728**	₱23,522,760

7. Inventories

Inventories stated at cost consist of:

	2022	2021
Houses and lots	**₱66,893,733**	₱86,103,554
Condominium units and parking slots	**20,030,807**	18,979,294
Medical supplies	**2,066,062**	1,997,957
	₱88,990,602	₱107,080,805

Houses and lots pertain to units in Palma Real Residential Estates with movements as follows:

	Note	2022	2021
Balance at beginning of year		**₱86,103,554**	₱108,431,546
Construction costs		**11,949,105**	9,708,134
		98,052,659	118,139,680
Cost of houses and lots sold	17	**(31,158,926)**	(32,036,126)
Balance at end of year		**₱66,893,733**	₱86,103,554

Condominium units pertain to units in Cypress Towers with movements as follows:

	Note	2022	2021
Balance at beginning of year		**₱18,979,294**	₱22,379,294
Reclassification from investment properties	9	**4,742,400**	–
Addition from cancellations		**816,000**	–
Cost of condominium units and parking slots sold	17	**(4,506,887)**	(3,400,000)
Balance at end of year		**₱20,030,807**	₱18,979,294

Inventories charged to direct costs are as follows (see Note 17):

	2022	2021	2020
House and lots	**₱31,158,926**	₱32,036,126	₱34,272,970
Medical supplies	**6,189,931**	5,473,978	4,008,691
Condominium units and parking slots	**4,506,887**	3,400,000	1,528,000
	₱41,855,744	₱40,910,104	₱39,809,661

8. Other Current Assets

This account consists of:

	2022	2021
CWTs	**₱34,515,932**	₱31,570,270
Input VAT	**1,920,937**	8,714,035
Prepayments	**1,630,382**	1,329,682
Construction bond	**1,131,900**	1,131,900
Advances to officers and employees	**514,294**	1,356,466
Current portion of deferred input VAT	**196,050**	308,550
Others	**937,381**	1,822,417
	₱40,846,876	₱46,233,320

Prepayments mainly pertain to rent, tax and insurance.

Construction bond pertains to payments made by the Group for building renovation.

Advances to officers and employees are advances for various business-related expenses and are subject to liquidation within 30 days.

9. Investment Properties

The composition of and movements in this account are as follows:

	2022			
	Land	**Condominium Units**	**Leasable Space for Ambulatory Clinic**	**Total**
Cost				
Balance at beginning of year	**₱1,101,199,454**	**₱7,907,867**	**₱41,889,186**	**₱1,150,996,507**
Additions	**1,985,256**	**–**	**–**	**1,985,256**
Reclassification	**–**	**(5,789,894)**	**–**	**(5,789,894)**
Disposal	**(5,031,020)**	**–**	**–**	**(5,031,020)**
Balance at end of year	**1,098,153,690**	**2,117,973**	**41,889,186**	**1,142,160,849**
Accumulated Depreciation				
Balance at beginning of year	**–**	**1,691,067**	**13,853,684**	**15,544,751**
Reclassification	**–**	**(1,047,494)**	**–**	**(1,047,494)**
Depreciation	**–**	**647,562**	**1,396,307**	**2,043,869**
Balance at end of year	**–**	**1,291,135**	**15,249,991**	**16,541,126**
Allowance for Losses				
Balance at beginning and end of year	**55,513,073**	**–**	**–**	**55,513,073**
Carrying Amount	**₱1,042,640,617**	**₱826,838**	**₱26,639,195**	**₱1,070,106,650**

	2021			
	Land	Condominium Units	Leasable Space for Ambulatory Clinic	Total
Cost				
Balance at beginning and end of year	₱1,101,199,454	₱7,907,867	₱41,889,186	₱1,150,996,507
Accumulated Depreciation				
Balance at beginning of year	–	1,250,501	12,457,377	13,707,878
Depreciation	–	440,566	1,396,307	1,836,873
Balance at end of year	–	1,691,067	13,853,684	15,544,751
Allowance for Probable Losses				
Balance at beginning and end of year	55,513,073	–	–	55,513,073
Carrying Amount	₱1,045,686,381	₱6,216,800	₱28,035,502	₱1,079,938,683

The Group's investment properties pertain to several parcels of land which are held for capital appreciation and are located in Taguig, Batangas and Bulacan. Investment properties also include a number of dwelling units, parking slot and a leasable space for ambulatory clinic in Cypress Towers which earn rental income.

In 2022, certain investment properties with aggregate carrying amount of ₱4.7 million were reclassified to real estate inventories (see Note 7).

In 2022, the Parent Company sold a property in Batangas for ₱31.4 million resulting in a gain on sale amounting to ₱26.4 million (see Note 20).

Fair Values

The Group's investment properties have fair values aggregating ₱5,224.9 million and ₱3,336.1 million as at December 31, 2022 and 2021, respectively. The latest independent appraiser's report is dated October 2022.

The fair values of the investment properties are categorized into Level 2 fair value hierarchy for land and condominium units and Level 3 fair value hierarchy for leasable space for ambulatory clinic.

Description of valuation techniques used and key inputs to valuation on investment properties are as follows:

Market Data Approach. Market data approach is used to estimate valuation of land and condominium units. It involves the comparison of the land and condominium units to those that are more or less located within the vicinity of the appraised properties and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

The key inputs to fair valuation are as follows:

- *Price per sqm* - estimated value prevailing in the real estate market depending on the location, area, shape and time element.

- *Zonal Valuation* - the approved zonal schedule of fair market values on real property used by the Bureau of Internal Revenue (BIR).

Depreciated Replacement Cost Method. Depreciated replacement cost method is used to estimate the leasable space for ambulatory clinic by calculating the current replacement cost of the assets less deductions for physical deterioration and all relevant forms of obsolescence.

Sensitivity Analysis. Generally, significant increases (decreases) in useful life of assets would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in factors that contributed in the physical deterioration and all relevant forms of obsolescence in isolation would result in a significantly lower (higher) fair value measurement.

Allowance for Probable Losses
The allowance for probable losses of ₱55.5 million as at December 31, 2022 and 2021 represents provision to cover losses on potential claims on certain parcels of land.

Amounts Recognized in Profit or Loss
Rental income amounted to ₱14.5 million, ₱13.6 million and ₱13.3 million in 2022, 2021 and 2020, respectively (see Note 16). The related direct costs incurred pertain to depreciation expense and real property taxes aggregating ₱3.7 million, ₱3.7 million, and ₱3.6 million in 2022, 2021 and 2020, respectively.

Depreciation and amortization are recognized from the following:

	Note	**2022**	2021	2020
Property and equipment	10	**₱10,161,778**	₱10,092,924	₱11,168,881
Investment properties		**2,043,869**	1,836,873	1,835,855
		₱12,205,647	₱11,929,797	₱13,004,736

Depreciation and amortization are charged to:

	Note	**2022**	2021	2020
Direct costs	17	**₱4,560,708**	₱4,255,643	₱4,296,906
Selling and administrative expenses	18	**7,644,939**	7,674,154	8,707,830
		₱12,205,647	₱11,929,797	₱13,004,736

10. **Property and Equipment**

The composition of and movements in this account are as follows:

	Note	Land	Building and Building Improvements	Medical Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	CIP	Total
					2022			
Cost								
Balance at beginning of year		**₱120,132,721**	**₱189,133,067**	**₱63,229,693**	**₱37,792,514**	**₱36,350,432**	**₱22,757,672**	**₱469,396,099**
Additions		**–**	**1,056,430**	**2,131,207**	**6,866,964**	**723,604**	**4,344,020**	**15,122,225**
Balance at end of year		**120,132,721**	**190,189,497**	**65,360,900**	**44,659,478**	**37,074,036**	**27,101,692**	**484,518,324**
Accumulated Depreciation and Amortization								
Balance at beginning of year		**–**	**75,386,798**	**60,208,182**	**32,995,737**	**35,643,895**	**–**	**204,234,612**
Depreciation and amortization	9	**–**	**5,408,623**	**1,215,871**	**2,953,227**	**584,057**	**–**	**10,161,778**
Balance at end of year		**–**	**80,795,421**	**61,424,053**	**35,948,964**	**36,227,952**	**–**	**214,396,390**
Carrying Amount		**₱120,132,721**	**₱109,394,076**	**₱3,936,847**	**₱8,710,514**	**₱846,084**	**₱27,101,692**	**₱270,121,934**

	Note	Land	Building and Building Improvements	Medical Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	CIP	Total
					2021			
Cost								
Balance at beginning of year		₱120,132,721	₱184,737,067	₱63,229,693	₱35,050,906	₱36,031,936	₱4,732,143	₱443,914,466
Additions		–	4,396,000	–	2,741,608	318,496	18,025,529	25,481,633
Balance at end of year		120,132,721	189,133,067	63,229,693	37,792,514	36,350,432	22,757,672	469,396,099
Accumulated Depreciation and Amortization								
Balance at beginning of year		–	69,555,670	59,165,198	30,725,846	34,694,974	–	194,141,688
Depreciation and amortization	9	–	5,831,128	1,042,984	2,269,891	948,921	–	10,092,924
Balance at end of year		–	75,386,798	60,208,182	32,995,737	35,643,895	–	204,234,612
Carrying Amount		₱120,132,721	₱113,746,269	₱3,021,511	₱4,796,777	₱706,537	₱22,757,672	₱265,161,487

Cost of fully-depreciated assets still in use amounted to ₱123.0 million and ₱120.7 million as at December 31, 2022 and 2021, respectively.

CIP
CIP pertains to costs incurred for the construction of additional floor of the Parent Company's building, which is expected to be completed in 2023. Estimated cost to complete the construction amounted to ₱2.8 million.

The "Retention fees payable" under the "Accounts payable" account relating to CIP amounted to ₱2.2 million as at December 31, 2022. Retention fees payable will be paid when the related CIP is completed.

11. Goodwill

Goodwill resulted from the acquisition of 97% ownership of HSAPI by the Parent Company in 2014. As a result of the acquisition, the Parent Company acquired control over FMCMI, a wholly-owned subsidiary of HSAPI. The goodwill arising from the acquisition amounted to ₱21.7 million.

Based on the Group's annual impairment test using a discounted cash flow model covering a five-year period, the Group has assessed that goodwill is not impaired as at December 31, 2022 and 2021. The principal assumptions used in determining the recoverable amount (value in use) are discount rate of 5% and growth rate of 12% in 2022 and 2021.

Management determined the five-year projected cash flows based on past performance, existing contracts and expectations on market development such as average price, revenue growth range and expected costs to generate such revenue. Growth rates and operating margins used to estimate future performance are equally based on past performance and experience of growth rates and operating margins achievable in the relevant industry. The discount rate used imputes the risk of the cash-generating unit compared to the respective risk of the overall market and equity risk premium.

12. Other Noncurrent Assets

This account consists of:

	2022	2021
Investment in unquoted shares	**₱15,344,659**	₱15,344,659
Noncurrent portion of deferred input VAT	**46,995**	243,045
Refundable deposits	**940,165**	528,089
Others	**1,509,434**	2,100,268
	₱17,841,253	₱18,216,061

<u>Investment in Unquoted Shares</u>
This account consists of the Company's investment in the unquoted shares of stock of Asian Alliance Holdings & Development Corp. The fair value amounting to ₱15.3 million as at December 31, 2022 and 2021, has been determined using the net asset method as valuation technique. The Company's investment represents only a minority interest in the investee company.

Movements in this account are as follows:

	2022	2021
Balance at beginning of year	**₱15,344,659**	₱47,344,659
Unrealized loss on fair value changes	**–**	(32,000,000)
Balance at end of year	**₱15,344,659**	₱15,344,659

Dividend income from investment in unquoted shares is disclosed in Note 5.

Management does not plan to sell or dispose of the shares within one year from the reporting date.

Sensitivity Analysis. Significant increase (decrease) in the net asset would result in a significantly higher (lower) fair value measurement.

13. Accounts and Other Payables

This account consists of:

	Note	2022	2021
Accounts payable		**₱95,096,134**	₱88,331,229
Contract liabilities		**17,047,490**	37,090,146
Accrued expenses		**14,830,223**	12,412,344
Payable to directors, officers and employees	21	**8,936,037**	7,753,558
Statutory payable		**6,363,427**	5,674,094
Deposits for document processing		**4,842,960**	5,076,598
Unearned rental income	23	**1,520,056**	985,932
Others		**7,544,981**	7,539,075
		₱156,181,308	₱164,862,976

Accounts payable are normally noninterest-bearing and settled on 30- to 60-day credit terms.

Contract liabilities represent advances from customers and nonrefundable reservation fees received from prospective buyers. The Group requires buyers to pay a minimum percentage of the total selling price before they enter into a sale transaction. Collections from buyers which have not reached the minimum required percentage are also treated as contract liabilities.

The amount of revenue recognized in 2022 and 2021 from contract liabilities as at December 31, 2022 and 2021 amounted to ₱30.2 million and ₱20.0 million, respectively.

Accrued expenses consist mainly of utilities, communication, outsourced services and professional fees which are normally settled in the following month.

Statutory payable includes amounts payable to government agencies such as BIR, Social Security System, Home Development Mutual Fund and Philippine Health Insurance Corporation which are normally settled in the following month.

Deposits for document processing represent collections for processing deed of sale and other documents necessary in transferring titles to real estate buyers.

14. **Retirement Benefits Liability**

The Group values its defined benefit obligation using the projected unit credit method. This plan provides for a minimum benefit of one-half month of final salary per year of credited service. The benefit shall be payable to employees with at least five years of continuous service and attained age of:

- 60 years;
- 50 years with completion of at least 10 years of service; or
- More than 60, on a case-to-case and year-to-year extension basis.

The last actuarial valuation report obtained was for as at December 31, 2022.

Retirement benefit costs are presented as part of “Salaries, wages and other benefits” account under “Selling and administrative expenses” in the consolidated statements of comprehensive income (see Note 18).

Details of retirement benefit costs are as follows:

	2022	2021	2020
Past service cost due to plan amendment	**₱6,185,216**	₱–	₱–
Current service cost	**2,336,164**	4,683,981	4,175,549
Interest expense	**1,445,417**	1,091,585	1,126,926
Return on plan assets	**(179,983)**	(140,315)	(183,545)
	₱9,786,814	₱5,635,251	₱5,118,930

Net retirement benefits liability presented in the consolidated statements of financial position is as follows:

	2022	2021
Retirement benefits liability	**₱27,799,094**	₱24,436,548
Fair value of plan assets	**(3,844,998)**	(3,547,992)
	₱23,954,096	₱20,888,556

Movements in the present value of retirement benefits liability are as follows:

	2022	2021
Balance at beginning of year	**₱24,436,548**	₱27,566,408
Past service cost due to plan amendment	**6,185,216**	–
Benefits paid	**(3,712,500)**	–
Remeasurement gain	**(2,891,751)**	(8,905,424)
Current service cost	**2,336,164**	4,683,979
Interest expense	**1,445,417**	1,091,585
Balance at end of year	**₱27,799,094**	₱24,436,548

Movements in the fair value of plan assets are as follows:

	2022	2021
Balance at beginning of year	**₱3,547,992**	₱3,543,312
Asset return in net interest cost	**179,983**	140,315
Remeasurement gain (loss)	**117,023**	(135,635)
Balance at end of year	**₱3,844,998**	₱3,547,992

The Group does not have any plans for contributions in the next reporting year.

The analysis of the fair value of plan assets as at December 31, 2022 and 2021 is as follows:

	2022	2021
Deposit in banks	**₱2,197,898**	₱2,994,992
Equity securities	**1,648,948**	–
Other assets	**4,375**	558,000
Other accountabilities	**(6,223)**	(5,000)
	₱3,844,998	₱3,547,992

The principal assumptions used for the actuarial valuations were as follows:

	2022	2021
Discount rate	**7.21%**	5.08%
Expected rate of salary increases	**5.00%**	4.00%

Maturity analysis of the undiscounted benefit payments:

	2022	2021
Less than five years	**₱23,718,864**	₱6,339,569
Five years but less than 10 years	**6,909,950**	14,163,401
More than 10 years	**163,402,828**	142,586,491

The average duration of the retirement benefits liability is 20 years and 21 years as at December 31, 2022 and 2021, respectively.

Sensitivity Analysis

The sensitivity analysis on net retirement benefits liability based on reasonably possible changes of the assumptions is as follows:

	Change in assumption	2022	2021
Discount rate	0.5%	**(₱390,822)**	(₱546,576)
	-0.5%	**433,151**	611,948
Expected salary growth rate	1.0%	**902,626**	1,268,900
	-1.0%	**(748,452)**	(1,033,383)

Remeasurement Gain

The cumulative remeasurement gains on net retirement benefits recognized in equity as at December 31 are as follows:

	Accumulated Remeasurement Gain (Loss)	Deferred Tax	Net of Tax
Balance as at December 31, 2019	₱6,706,891	₱2,012,067	₱4,694,824
Remeasurement loss	(686,114)	(205,834)	(480,280)
Balance as at December 31, 2020	6,020,777	1,806,233	4,214,544
Remeasurement gain	8,495,371	1,861,086	6,634,285
Effect of change in tax rate	–	(339,592)	339,592
Balance as at December 31, 2021	14,516,148	3,327,727	11,188,421
Remeasurement gain	2,432,005	608,001	1,824,004
Balance as at December 31, 2022	₱16,948,153	₱3,935,728	₱13,012,425

Remeasurement gain (loss), net of tax, on retirement benefits recognized in the consolidated statements of comprehensive income is as follows:

	2022	2021	2020
Equity holders of the Parent Company	**₱1,772,648**	₱6,973,877	(₱480,280)
Non-controlling interests	**51,356**	274,418	(52,843)
	₱1,824,004	7,248,295	(533,123)

Deferred tax asset (liability) on retirement benefits recognized in the consolidated statements of comprehensive income is as follows:

	2022	2021	2020
Equity holders of the Parent Company	**₱595,162**	(₱1,443,782)	₱183,186
Non-controlling interests	**12,839**	(77,712)	22,648
	₱608,001	(₱1,521,494)	₱205,834

15. Equity

Capital Stock

Details of the Parent Company's capital stock with ₱0.10 par value as at December 31, 2022 and 2021 are as follows:

	2022		2021	
	Shares	**Amount**	Shares	Amount
Authorized				
Common shares	**24,000,000,000**	**₱2,400,000,000**	24,000,000,000	₱2,400,000,000
Issued and Outstanding				
Balance at beginning and end of year	**19,775,232,460**	**₱1,977,523,246**	19,775,232,460	₱1,977,523,246
Treasury stock - at cost	**(4,815,232,510)**	**(481,523,251)**	(4,815,232,510)	(481,523,251)
	14,959,999,950	**₱1,495,999,995**	14,959,999,950	₱1,495,999,995

APIC amounted to ₱118.6 million as at December 31, 2022 and 2021.

The Parent Company has 365 shareholders as at December 31, 2022 and 2021.

Non-controlling Interests

The Group's non-controlling interests represent 3%, 3%, 52% and 25% ownership of non-controlling interests shareholders of HSAPI, FMCMI, CCPC and PLHI, respectively. Non-controlling interests amounted to ₱155.9 million and ₱169.2 million as at December 31, 2022 and 2021, respectively.

The net income allocated to non-controlling interests amounted to ₱17.8 million, ₱18.9 million and ₱8.0 million in 2022, 2021 and 2020, respectively.

The dividends declared allocated to non-controlling interests amounted to ₱31.2 million and ₱13.5 million in 2022 and 2021, respectively. Payments of dividends to non-controlling interests amounted to ₱31.2 million, ₱13.5 million and ₱14.5 million in 2022, 2021 and 2020 respectively.

The summarized financial information of subsidiary with significant non-controlling interest as at and for the years ended December 31, 2022, 2021 and 2020 follows:

	2022	2021	2020
Current assets	**₱194,683,336**	₱219,687,333	₱190,785,985
Noncurrent assets	**43,913,787**	44,401,390	46,779,726
Current liabilities	**64,391,097**	64,712,288	48,327,028
Noncurrent liabilities	**9,370,231**	8,390,325	9,111,536
Revenue	**70,418,792**	77,992,434	44,833,292
Net income	**33,807,083**	36,648,787	15,785,520
Total comprehensive income	**33,849,685**	36,858,963	15,708,206

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit standing and stable capital ratios in order to support its business and maximize shareholder value. The Group maintains its current capital structure and will make adjustments, if necessary, in order to generate a reasonable level of returns to stockholders over the long term. No changes were made in the objectives, policies or processes during the year.

The Group considers the equity presented in the consolidated statements of financial position as its core capital.

The Group monitors capital using debt to equity ratio, which is total debt divided by total equity. The debt-to-equity ratio as at December 31, 2022 and 2021, are as follows:

	2022	2021
Debt	**₱201,098,051**	₱201,232,080
Equity	**2,293,566,815**	2,254,427,012
Debt-to-Equity Ratio	**0.09:1**	0.09:1

Debt is composed of all liabilities while equity includes capital stock, additional paid-in capital, retained earnings, other comprehensive loss and non-controlling interests, less treasury stock.

Pursuant to the PSE's rules on minimum public ownership, at least 10% of the issued and outstanding shares of a listed company must be owned and held by the public. The public ownership is about 19.2% and 24.7% as at December 31, 2022 and 2021, respectively.

The Group reviews its capital structure on an annual basis. As part of this review, the Group considers the cost of capital and the risks associated with it.

16. Revenue

This account consists of:

		2022			
	Note	**Real estate activities**	**Health care activities**	**Investing activities**	**Total**
Recognized at a point in time:					
Real estate sales:					
Sale of houses and lots		**₱95,706,264**	**₱–**	**₱–**	**₱95,706,264**
Sale of condominium units and parking slots		**16,965,000**	**–**	**–**	**16,965,000**
Sale of services			**65,470,038**	**–**	**65,470,038**
Dividend income	5	**–**	**–**	**10,611,771**	**10,611,771**
Recognized over time -					
Interest income	4	**19,571,409**	**–**	**–**	**19,571,409**
Rental income	23	**14,455,349**	**–**	**–**	**14,455,349**
		₱146,698,022	**₱65,470,038**	**₱10,611,771**	**₱222,779,831**

		2021			
	Note	Real estate activities	Health care activities	Investing activities	Total
Recognized at a point in time:					
Real estate sales:					
Sale of houses and lots		₱97,883,285	₱–	₱–	₱97,883,285
Sale of condominium units and parking slots		12,240,365	–	–	12,240,365
Sale of services			51,259,195	–	51,259,195
Dividend income	5	–	–	14,420,616	14,420,616
Recognized over time -					
Interest income	4	20,118,526	–	–	20,118,526
Rental income	23	13,578,759	–	–	13,578,759
		₱143,820,935	₱51,259,195	₱14,420,616	₱209,500,746

		2020			
	Note	Real estate activities	Health care activities	Investing activities	Total
Recognized at a point in time:					
Real estate sales:					
Sale of houses and lots		₱82,849,269	₱–	₱–	₱82,849,269
Sale of condominium units and parking slots		6,004,911	–	–	6,004,911
Sale of services			39,436,127		39,436,127
Dividend income	5	–	–	14,990,571	14,990,571
Recognized over time -					
Interest income	4	15,451,922	–	–	15,451,922
Rental income	23	13,298,563	–	–	13,298,563
		₱117,604,665	₱39,436,127	₱14,990,571	₱172,031,363

The Group’s contract with customers does not provide for right of return on assets and refund liabilities.

17. **Direct Costs**

This account consists of:

	2022	2021	2020
Cost of real estate sold	**₱35,665,813**	₱35,436,126	₱35,800,970
Cost of services	**35,192,289**	30,973,213	27,824,229
	₱70,858,102	₱66,409,339	₱63,625,199

Cost of real estate sales consists of:

	Note	**2022**	2021	2020
Cost of:				
Houses and lots sold	7	**₱31,158,926**	₱32,036,126	₱34,272,970
Condominium units and parking slots sold	7	**4,506,887**	3,400,000	1,528,000
		₱35,665,813	₱35,436,126	₱35,800,970

Cost of services consists of:

	Note	**2022**	2021	2020
Contracted services		**₱12,852,549**	₱11,064,586	₱9,468,330
Salaries, wages and other benefits	19	**7,632,264**	7,726,338	7,896,126
Supplies used	7	**6,189,931**	5,473,978	4,008,691
Depreciation and amortization	9	**4,560,708**	4,255,643	4,296,906
Others		**3,956,837**	2,452,668	2,154,176
		₱35,192,289	₱30,973,213	₱27,824,229

Others mainly consist of utilities, on-site medical cost and real property tax.

18. **Selling and Administrative Expenses**

This account consists of:

	Note	**2022**	2021	2020
Salaries, wages and other benefits		**₱35,104,079**	₱28,658,540	₱26,277,519
Directors' and officers' profit-sharing remuneration	21	**8,938,479**	4,823,256	4,388,777
Outside services		**8,807,394**	6,870,928	6,341,316
Depreciation and amortization	9	**7,644,939**	7,674,154	8,707,830
Commission	23	**6,807,281**	6,587,152	4,648,045
Taxes and licenses		**5,904,211**	6,732,418	6,255,341
Meetings and seminars		**4,447,399**	4,037,446	3,898,960
Professional fees		**3,940,000**	2,942,423	2,403,903
Transportation and travel		**3,119,709**	1,944,138	2,430,390
Supplies		**2,951,116**	2,664,280	1,165,380
Utilities		**2,182,267**	1,983,665	1,678,367

(Forward)

	Note	**2022**	2021	2020
Repairs and maintenance		**₱2,009,470**	₱2,183,367	₱959,883
Director's fees	21	**1,816,889**	1,661,333	1,216,889
Insurance		**1,492,286**	1,737,746	1,192,672
Committee meetings		**500,000**	625,000	590,000
Advertising		**279,442**	156,587	220,102
Postage and communication		**650,097**	699,985	794,822
Provision for impairment losses on receivables and other assets		**–**	–	487,162
Others		**7,840,272**	6,330,510	7,581,727
		₱104,435,330	₱88,312,928	₱81,239,085

Other expenses pertain mainly to unrecoverable input VAT.

19. **Personnel Costs**

Personnel costs consist of:

	Note	**2022**	2021	2020
Salaries and wages		**₱27,531,203**	₱25,382,219	₱24,293,450
Retirement benefit costs	14	**9,786,814**	5,635,251	5,118,930
Other employee benefits		**5,418,326**	5,367,408	4,761,265
		₱42,736,343	₱36,384,878	₱34,173,645

Personnel costs are charged to:

	Note	**2022**	2021	2020
Direct costs	17	**₱7,632,264**	₱7,726,338	₱7,896,126
Selling and administrative expenses	18	**35,104,079**	28,658,540	26,277,519
		₱42,736,343	₱36,384,878	₱34,173,645

Other employee benefits include the profit share of the officers of the Group.

20. **Other Income (Charges)**

This account consists of:

	Note	**2022**	2021	2020
Gain (loss) on :				
Sale of investment properties	9	**₱26,401,480**	₱–	₱–
Sale of investments in quoted shares	5	**(9,346,831)**	9,328,343	6,749,627
Cancelled contracts and forfeited customer deposits		**(105,448)**	1,019,822	(652,836)
Reversal of impairment loss on receivables	6	**112,289**	–	–

(Forward)

	Note	2022	2021	2020
Interest income from:	4			
Cash and cash equivalents		**₱11,013,535**	₱3,065,228	₱6,197,347
Loans receivables		**999,999**	118,056	4,545,976
Unrealized gain (loss) on changes in:				
Foreign exchange rates		**5,172,968**	585,074	(637,326)
Fair value of investments in quoted shares	5	**(2,871,773)**	39,914,761	(5,058,940)
Others		**4,245,890**	2,348,437	2,265,087
		₱35,622,109	₱56,379,721	₱13,408,935

Other income pertains to surcharges, association dues and maintenance fees.

21. Related Party Transactions

The following table summarizes the Group's significant transactions and balances with related parties as at December 31, 2022 and 2021:

			Amount of Transactions		Outstanding Balance	
Related Parties	Note	Nature of Transactions	**2022**	2021	**2022**	2021
Accounts and other payables						
Directors and officers	18	Directors and officers profit-sharing remuneration	**₱8,938,479**	₱4,823,256		
	18	Director's fees	**1,816,889**	1,661,333		
		Payments	**(9,572,889)**	(6,046,333)	**₱8,936,037**	₱7,753,558

Terms and Conditions of Transactions with Related Parties

The outstanding balances are unsecured, non-interest bearing, payable upon demand and to be settled in cash.

The directors and officers are entitled to receive profit sharing based on the performance by the Group.

Compensation of Key Management Personnel

Compensation of key management personnel, consisting of short-term and long-term salaries and government mandated benefits, amounted to ₱13.2 million, ₱12.0 million and ₱10.2 million in 2022, 2021 and 2020, respectively.

Financial Information of Subsidiaries

The summarized financial information of CCPC, PLHI, FMCMI, HSAPI and ACHC is as follows:

	2022	2021	2020
Current assets	**₱293,145,467**	₱313,159,400	₱244,123,387
Noncurrent assets	**421,346,516**	422,466,875	432,224,236
Current liabilities	**149,305,045**	149,554,611	134,713,078
Noncurrent liabilities	**19,601,362**	22,754,856	26,743,039
Revenue	**139,917,684**	131,607,622	85,864,233
Net income	**41,252,780**	43,766,916	10,904,269
Total comprehensive income	**42,268,768**	49,481,289	10,405,614

22. **Earnings Per Share**

The calculation of the basic EPS is based on the following data:

	2022	2021	2020
Net income attributable to Parent Company	**₱50,664,302**	₱75,709,746	₱27,871,667
Weighted average number of ordinary shares outstanding	**14,959,999,950**	14,959,999,950	14,959,999,950
	₱0.00339	₱0.00506	₱0.00186

The weighted average number of shares refers to shares in circulation during the period that is after the effect of treasury stock.

As at December 31, 2022, 2021 and 2020, the Parent Company has no dilutive or potential dilutive share.

23. **Significant Agreements**

Lease Agreements

The Group leased out certain commercial spaces of its building to several parties under various cancellable and noncancellable operating lease agreements for periods between one to 10 years. All leases include an annual escalation clause based on rental rates.

Security deposits amounting to ₱3.8 million and ₱3.4 million as at December 31, 2022 and 2021 are noninterest-bearing and will be refunded at the end of the lease term.

Unearned rental income amounted to ₱1.5 million and ₱1.0 million as at December 31, 2022 and 2021, respectively (see Note 13).

Rental income recognized amounted to ₱14.5 million, ₱13.6 million and ₱13.3 million in 2022, 2021 and 2020, respectively (see Note 16). Billed rental amounted to ₱1.7 million as at December 31, 2022 and 2021 (see Note 6).

Future minimum lease receivables to be collected based on existing contracts are as follows:

	2022	2021
Not later than one year	**₱9,590,207**	₱8,876,938
Later than one year but not later than five years	**22,865,953**	29,787,380
Beyond five years	**22,440,571**	22,440,571
	₱54,896,731	₱61,104,889

Joint Operation Arrangement with Santa Lucia Realty and Development Inc. (SLRDI)

On October 23, 2003, CCPC entered into a Memorandum of Agreement (the "Agreement") with SLRDI (the "Project Developer") wherein CCPC contributed land and the improvements thereon, while the Developer completed the development of the Palma Real Residential Estates project in Biñan, Laguna (the "Project") and handles all the expenses necessary in preparing the lots into saleable units.

The Agreement has the following significant provisions, among others:

a. The Developer shall be solely liable for any and all expenses to be incurred in the construction and development to be introduced by SLRDI on the Project, government agency, sub-contractor, supplier or third party in connection with the development of the Project;

b. CCPC shall be paid 60% of the sales proceeds while SLRDI shall be paid 40% of the sales proceeds. CCPC and SLRDI shall shoulder the corresponding taxes of their respective share of the proceeds;

c. The proceeds from the sale of lots shall be deposited in the joint bank account of the CCPC and SLRDI; and

d. CCPC and SLRDI shall nominate a marketing manager that will handle the sale of lots in the Project. The marketing manager shall present a marketing plan to CCPC and SLRDI.

The development of the residential lots was completed and the Project started selling lots in 2004.

The revenue and the corresponding cost of real estate sold from the joint operation arrangement with SLRDI, which are included as part of "Sale of houses and lots" and "Cost of houses and lots sold", respectively, are as follows:

	2022	2021	2020
Sale of houses and lots	**₱60,645,294**	₱67,683,685	₱37,216,469
Cost of houses and lots sold	**15,558,454**	16,933,451	10,117,702

Installment contracts receivable related to the Agreement amounted to ₱49.9 million and ₱55.0 million as at December 31, 2022 and 2021, respectively. Due to SLRDI relating to the share of the Group amounting to ₱23.9 million and ₱19.1 million as at December 31, 2022 and 2021, respectively, is included as part of "Accounts and other payables" (see Note 13). Titles to the sold condominium units, houses and lots are transferred to the buyer only upon full payment of the contract price.

The "Due from a Project Developer" under the "Receivables" account in the consolidated statements of financial position pertains to the unremitted collections amounting to ₱32.4 million and ₱28.6 million as at December 31, 2022 and 2021, respectively (see Note 6). Collections are deposited to the joint bank account of the Developer and CCPC.

Joint Operation Arrangement with DMCI

In 2005, the Parent Company and Fort Bonifacio Medical Center, Inc. (FBMCI) entered into a Memorandum of Agreement (the "Agreement") with DMCI for the development and construction of three condominium buildings called the Cypress Towers.

The Agreement has the following significant provisions, among others:

(a) The Group and FBMCI shall contribute the land;

(b) DMCI shall be responsible for the development, construction and sale of condominium units; and

(c) The Group and FBMCI's share in the project is equivalent to 15.6% of the total condominium units and parking slots.

The development and construction of the condominium buildings were completed and selling started in 2008. The amounts of sales of condominium units and parking slots and cost of condominium units and parking slots sold are disclosed in Notes 16 and 17, respectively.

Installment contracts receivable related to the Agreement amounted to ₱12.3 million and ₱7.6 million as at December 31, 2022 and 2021, respectively.

As at December 31, 2022 and 2021, there were no outstanding contingent liabilities and commitments with respect to the joint operations arrangements.

Marketing Agreement

Marketing of the projects is handled by several brokers and agents at various commission rates based on the selling price.

The Group incurred commission expense amounting to ₱6.8 million, ₱6.6 million and ₱4.6 million in 2022, 2021 and 2020, respectively (see Note 18).

24. Income Taxes

Components of income tax expense (benefit) are as follows:

	2022	2021	2020
Current:			
RCIT	**₱12,908,812**	₱10,844,661	₱4,643,613
MCIT	**751,882**	206,173	1,257,905
	13,660,694	11,050,834	5,901,518
Deferred	**978,169**	5,455,386	(1,177,862)
	₱14,638,863	₱16,506,220	₱4,723,656

Provision for (benefit from) income tax is presented in the consolidated statements of comprehensive income as follows:

	2022	2021	2020
Profit or loss:			
Current	**₱13,660,694**	₱11,050,834	₱5,901,518
Deferred	**978,169**	5,545,386	(1,177,862)
Other comprehensive income -			
Deferred	**(608,001)**	(1,599,206)	(228,482)
	₱14,030,862	₱14,997,014	₱4,495,174

Deferred Taxes
The components of the Group's deferred taxes are as follows:

	2022	2021
Deferred tax assets:		
Allowance for losses on investment properties	**₱6,365,152**	₱6,365,152
Allowance for impairment losses on:		
Receivables	**5,722,682**	5,519,555
Other current assets	**–**	54,634
Retirement benefits liability	**5,988,524**	4,769,812
Payable to directors and officers	**2,234,620**	1,205,814
Accrued expenses	**701,578**	–
MCIT	**–**	144,738
Others	**–**	13,576
	₱21,012,556	₱18,073,281
Deferred tax liabilities:		
Excess gross profit over collections	**₱14,082,540**	₱9,982,560
Unrealized foreign exchange gain	**1,293,242**	146,269
	₱15,375,782	₱10,128,829

Details of unrecognized net deferred tax assets are as follows:

	2022	2021
Allowance for probable loss on investment properties	**₱7,513,117**	₱7,513,117
NOLCO	**345,312**	2,169,033
MCIT	**1,387,165**	2,356,798
Unearned rental income	**63,883**	70,183
	₱9,309,477	₱12,109,131

The details of the Group's NOLCO and MCIT, which can be claimed as deduction from future taxable income and as tax credit against future income tax due, are as follows:

NOLCO

Inception Year	Amount	Applied	Expired/ Derecognized	Balance	Expiry Year
2022	₱474,182	₱–	₱–	₱474,182	2025
2021	4,087,200	(3,736,526)	–	350,674	2026
2020	825,151	(187,881)	–	637,270	2025
2019	4,286,519	(3,932,290)	(354,229)	–	2022
	₱9,673,052	(7,856,697)	(₱354,229)	₱1,462,126	

MCIT

Inception Year	Amount	Applied	Expired/ Derecognized	Balance	Expiry Year
2022	₱210,030	₱–	₱–	₱210,030	2025
2021	448,914	–	–	448,914	2024
2020	872,959	–	–	872,959	2023
2019	1,179,663	–	1,179,663	–	2022
	₱2,711,566	₱–	(₱1,179,663)	₱1,531,903	

On March 26, 2021, RA No. 11534 or the "Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act" (the "Act") was signed into law by the President of the Philippines. Under the Act, domestic corporations will be subject to 25% or 20% RCIT depending on the amount of total assets and total amount of taxable income. In, addition, MCIT shall be computed at 1% of gross income for a period of three years. The changes in the income tax rates retrospectively became effective beginning July 1, 2020.

The effect of the reduction in tax rates in 2020 was recognized as part of the 2021 income tax expense, as required by PAS 12, *Income Tax*es. Details of adjustments are as follows:

	Current	Deferred	Total
Income tax expense	₱11,752,279	₱1,218,067	₱12,970,346
Effect of change in tax rate	(701,445)	4,237,319	3,535,874
Adjusted current income tax expense	₱11,050,834	₱5,455,386	₱16,506,220

The effect of change in tax rate for the unrecognized deferred tax assets amounted to ₱4.7 million.

The reconciliation of provision for income tax computed at the statutory income tax rate and at effective income tax rates is as follows:

	2022	2021	2020
Income tax expense computed at statutory tax rate	**₱20,777,127**	₱27,266,985	₱12,172,804
Tax effects of:			
Income subject to a final tax and exempt from income tax	**(5,782,268)**	(16,247,627)	(6,871,323)
Nondeductible expenses	**3,118,479**	679,434	1,038,092
Nontaxable income	**(561,611)**	–	–
Expired NOLCO	**88,557**	13,937,457	5,618,369
Effects of consolidation	**(7,779)**	(14,910)	–
Changes in unrecognized deferred tax assets	**(2,913,607)**	(18,460,774)	(8,371,603)
Change in tax rate	**(1,259,698)**	8,253,443	–
Expired MCIT	**1,179,663**	1,092,212	1,137,317
	₱14,638,863	₱16,506,220	₱4,723,656

25. **Fair Value of Financial Assets and Liabilities**

The table below presents the carrying amounts and fair value of the Group's financial assets and financial liabilities.

	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash and cash equivalents	**₱645,994,640**	**₱645,994,640**	₱522,714,862	₱522,714,862
Receivables	**156,158,606**	**156,158,606**	160,218,944	160,218,944
Refundable deposits and construction bond*	**2,072,065**	**2,072,065**	1,659,989	1,659,989
At FVPL -				
Investment in quoted shares	**161,851,145**	**161,851,145**	216,281,045	216,281,045
At FVOCI -				
Investment in unquoted shares	**15,344,659**	**15,344,659**	15,344,659	15,344,659
	₱981,421,115	**₱981,421,115**	₱916,219,499	₱916,219,499

	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities				
At amortized cost:				
Accounts and other payables**	**₱126,407,375**	**₱126,407,375**	₱116,036,206	₱116,036,206
Security deposits	**3,839,825**	**3,839,825**	3,404,897	3,404,897
	₱130,247,200	**₱130,247,200**	₱119,441,103	₱119,441,103

**Included in "Other current assets" and "Other noncurrent assets" accounts*
***Excluding contract liabilities, deposits for document processing, statutory payable and unearned rental income*

The Group has determined that the carrying amounts of cash and cash equivalents, receivables, accounts and other payables (excluding contract liabilities, deposits for document processing, statutory payable and unearned rental income) approximate their fair values because these are mostly short term in nature.

The fair value of installment contracts receivable approximates its carrying amount as its interest rate approximates the market rate for a similar instrument.

The fair value of refundable deposits, construction bond and security deposit approximates its carrying amount. The management believes that the effect of discounting the future receipts/payments from these financial instruments using the prevailing market rates is not significant.

The fair values of investments in quoted shares are based on quoted price in active market (Level 1 hierarchy).

The fair values of investments in unquoted shares are determined using the net asset method (Level 3).

The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. There were no transfers to other levels in 2022 and 2021.

26. Financial Instruments Risk Management Policies and Objectives

The Group's financial assets comprise of cash and cash equivalents, receivables, refundable deposits, construction bond and investments in quoted and unquoted shares. The Group's financial liabilities comprise of accounts and other payables (excluding contract liabilities, deposits for document processing, statutory payable and unearned rental income) and security deposits. The main purpose of these financial instruments is to finance the Group's operations.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The Group's BOD and management review and approve the policies for managing each of the risks summarized below.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to market risk specifically to foreign currency risk and equity price risk. Financial instruments affected by market risk include cash and cash equivalents, loans payable and equity investments.

The sensitivity analyses in the following sections relate to the financial position as at December 31, 2022 and 2021.

The sensitivity of the relevant items in the statement of comprehensive income is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at December 31, 2022 and 2021.

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group has transactional currency exposures arising from purchase denominated in currencies other than the functional currency. The Group does not enter into forward contracts to hedge currency exposures. To mitigate the Group's exposure to foreign currency risk, foreign currency cash flows and fluctuations in the foreign exchange rates are monitored.

The carrying amounts of the Group's foreign currency denominated monetary assets are as follows:

	2022		2021	
	Philippine Peso	**Foreign Currency**	Philippine Peso	Foreign Currency
Cash in banks	**₱70,825,209**	**US$1,262,032**	₱33,909,057	US$667,896
Investments in quoted shares	**92,728,378**	**SG$2,232,536**	80,016,174	SG$2,130,923

For purposes of translating the outstanding balance of the Group's foreign currency-denominated monetary assets, the exchange rates applied were ₱56.12 per US$1 and ₱41.58 per SG$1 as at December 31, 2022 and ₱50.77 per US$1 and ₱37.55 per SG$1 as at December 31, 2021.

Foreign Currency Sensitivity Analysis. The sensitivity analysis includes all of the Group's foreign currency denominated monetary assets and liabilities. A positive number indicates an increase in income before tax when the U.S. Dollar (USD) and the Singapore Dollar (SGD) strengthen by 4% and 1%, respectively, against the relevant currency. For a 4% and 1% weakening of the USD and the SGD, respectively, against the Peso, there would be an equal and opposite impact on the income before tax.

The following table demonstrates the sensitivity to a 4% and 1% change in USD and SGD exchange rates, respectively, with all other variables held constant:

	Effect on Income Before Tax	
	2022	2021
Cash in banks	**₱2,833,008**	₱2,034,543
Investments in quoted shares	**927,284**	7,201,456
	₱3,760,292	₱9,235,999

Equity Price Risk. Equity price risk exposure relates to fluctuation in fair values as a result of changes in market prices of investments in quoted shares arising from factors affecting all shares of stocks traded in the market. The Group's market risk policy requires it to manage such risk by setting and monitoring objectives and constraints on investments.

The following table demonstrates the sensitivity to a reasonably possible change in the stock price of shares, with all other variables held constant, of the Group's unrealized gain and loss on investments in quoted shares:

	Listed domestic shares		Listed foreign shares	
	Change in Stock Price	Effect on Income Before Tax	Change in Stock Price	Effect on Income Before Tax
December 31, 2022	**8%**	**₱5,758,955**	**9%**	**₱6,676,443**
	-8%	**(5,758,955)**	**-9%**	**(6,676,443)**
December 31, 2021	5%	4,432,465	5%	3,699,663
	-5%	(4,432,465)	-5%	(3,699,663)

Credit Risk

Credit risk is the risk when a counterparty fails to fulfill its obligations to the Group. Counterparties such as banks and customers who pay on or before due date have minimum risk exposure because default in settling its obligations is remote. The Group deals only with reputable banks and customers to limit this risk.

The table below shows the gross maximum exposure of the Group to credit risk before taking into consideration collateral and other credit enhancements:

	2022	2021
Cash and cash equivalents	**₱645,994,640**	₱522,714,862
Receivables	**156,158,606**	160,218,944
Refundable deposits	**1,877,546**	1,945,766
Construction bond	**1,131,900**	1,131,901
	₱805,162,692	₱686,011,473

Maximum Exposure to Credit Risk after Credit Enhancements

Maximum exposure to credit risk of financial assets is equivalent to their carrying values except for installment contracts receivable and loans receivable. The table below shows the maximum exposures to credit risk of the Group for installment contracts receivable and loans receivable, after considering the effects of credit enhancements:

December 31, 2022 Credit risk exposure relating to balance sheet assets	**Carrying Amount**	**Fair Value of Collateral or Credit Enhancement**	**Maximum Exposure to Credit Risk**	**Financial Effect of Collateral or Credit Enhancement**
Installment contracts receivable	**₱104,694,803**	**₱120,241,914**	**₱–**	**₱120,241,914**

December 31, 2021 Credit risk exposure relating to balance sheet assets	Carrying Amount	Fair Value of Collateral or Credit Enhancement	Maximum Exposure to Credit Risk	Financial Effect of Collateral or Credit Enhancement
Installment contracts receivable	₱99,636,204	₱114,601,914	₱–	₱114,601,914
Loan receivable	20,000,000	46,500,000	–	46,500,000
	₱119,636,204	₱161,101,914	₱–	₱161,101,914

Credit Enhancements. For installment contracts receivable, title to condominium units, houses and lots is not transferred to the buyer until full payment has been made.
The loan receivable is secured by a pledge over a number of common shares listed in the PSE worth approximately 200% of the loan amount, and by a surety of an individual (see Note 7).

Risk Management. Credit risk is managed on a group basis. The Group deals only with reputable banks and customers to limit this risk. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The compliance with credit limits by customers is regularly monitored by management.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

As at December 31, 2022 and 2021, the amount of cash and cash equivalents, refundable deposits, and construction bond are neither past due nor impaired and were classified as *"High Grade*"; installment contracts receivable and trade and other receivables (excluding impairment) were classified as "*Standard Grade";* and impaired installment contracts receivables and trade and other receivables were classified as *"Substandard Grade"*. The credit quality of such financial assets at amortized cost is managed by the Group using the internal credit quality ratings as follows:

- *High Grade.* Pertains to counterparty who 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 and companies. Credit quality was determined based on the credit standing of the counterparty.

- *Standard Grade.* Pertains to counterparty with performance rating ranging from satisfactory to acceptable and repayment capacity has to be monitored. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

- *Substandard Grade.* Substandard grade financial assets are those which are considered worthless. These are accounts which have the probability of impairment based on historical trends.

Impairment of Trade Receivables (excluding Installment Contracts Receivable). An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rates are based on days past due for groupings of customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Impairment of Installment Contracts Receivable and Other Financial Assets at Amortized Cost. It is the Group's policy to measure ECL on these 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 limits its exposure to credit risk by investing its cash and cash equivalents only with banks that have good credit standing and reputation in the local and international banking industry. For installment contracts receivable, loan receivable, refundable deposits and construction bond, credit risk is low since the Group only transacted with reputable companies with respect to these financial assets or the financial assets have credit enhancements.

Using the ECL allowance, the credit risk exposure on the Group's impairment of receivables amounted to ₱22.9 million and ₱23.5 million as at December 31, 2022 and 2021, respectively (see Note 6).

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments. It may result from either the inability to sell assets quickly at fair values or failure to collect from counterparty.

The Group's objective is to maintain a balance between continuity of funding and flexibility through related party advances and aims to manage liquidity as follows:

a. To ensure that adequate funding is available at all times;
b. To meet commitments as they arise without recurring unnecessary costs; and
c. To be able to assess funding when needed at the least possible cost.

The tables below summarize the maturity profile of the Group's financial liabilities based on undiscounted cash flows:

	2022					
	Payable on Demand	**30 Days**	**60 Days**	**90 Days**	**120 Days and More**	**Total**
Accounts payable and other liabilities*	**₱8,936,037**	**₱22,375,204**	**₱95,096,134**	**₱–**	**₱–**	**₱126,407,375**
Security deposits	**–**	**–**	**–**	**–**	**3,839,825**	**3,839,825**
	₱8,936,037	**₱22,375,204**	**₱95,096,134**	**₱–**	**₱3,839,825**	**₱130,247,200**

**Excluding contract liabilities, deposits for document processing, statutory payable and unearned rental income.*

	2021					
	Payable on Demand	30 Days	60 Days	90 Days	120 Days and More	Total
Accounts payable and other liabilities*	₱7,753,558	₱19,951,419	₱88,331,229	₱–	₱–	₱116,036,206
Security deposits	–	–	–	–	3,404,897	3,404,897
	₱7,753,558	₱19,951,419	₱87,993,606	₱–	₱3,404,897	₱119,441,103

**Excluding contract liabilities, deposits for document processing, statutory payable and unearned rental income.*

27. Operating Segment Information

Business Segments

For management purposes, the Group is organized into three major business segments, namely real estate, healthcare services and investment holdings. These are also the bases of the Group in reporting its primary segment information.

(a) The real estate segment involves acquisition of land, planning and developing residential communities such as development and sale of condominium units and parking slots, residential lots and housing units.

(b) Healthcare services involve delivering outpatient health care services through ambulatory care centers. These include the sale of goods and services.

(c) The investment holding creates project investments and later disposes these investments after creating value. This also includes acquisition and sale of equity securities. Included in this segment are the Group's transactions or investments in associates and trading of financial assets at fair value through profit or loss.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of cash and cash equivalents, receivables, inventories, property and equipment, and investment properties. Segment liabilities include all operating liabilities and consist principally of accounts payable and accrued expenses and payable to non-controlling interests.

Financial information about reportable segments follows (in thousands):

	2022				
	Real Estate	**Healthcare Services**	**Investment Holdings**	**Eliminating Entries**	**Total**
Segment revenue	**₱154,615**	**₱65,470**	**₱2,695**	**₱–**	**₱222,780**
Inter-segment revenue	**38,573**	**–**	**–**	**(38,573)**	**–**
Net revenue	**₱193,188**	**₱65,470**	**₱2,695**	**(38,573)**	**₱222,780**
Segment results					
Income before income tax	**₱313,954**	**₱12,786**	**(₱2,721)**	**(₱240,910)**	**₱83,109**
Provision for income tax	**(12,449)**	**(2,151)**	**(39)**	**–**	**(14,639)**
Net income (loss)	**₱301,505**	**₱10,635**	**(₱2,760)**	**(₱240,910)**	**₱68,470**
Total assets as at end of year	**₱3,032,178**	**₱50,980**	**₱53,997**	**(₱642,490)**	**₱2,494,665**
Total liabilities as at end of year	**₱271,461**	**₱12,290**	**₱100**	**(₱82,753)**	**₱201,098**

	2022				
	Real Estate	**Healthcare Services**	**Investment Holdings**	**Eliminating Entries**	**Total**
Additions to -					
Property and equipment	**₱6,220**	**₱726**	**₱–**	**₱–**	**₱6,946**
Other information -					
Depreciation and amortization	**₱10,661**	**₱1,545**	**₱–**	**₱–**	**₱12,206**

	2021				
	Real Estate	Healthcare Services	Investment Holdings	Eliminating Entries	Total
Segment revenue	₱155,886	₱51,259	₱2,356	₱–	₱209,501
Inter-segment revenue	9,697	–	12,500	(22,197)	–
Net revenue	₱165,583	₱51,259	₱14,856	(₱22,197)	₱209,501
Segment results					
Income before income tax	₱113,558	₱2,172	₱7,928	(₱12,500)	₱111,158
Provision for income tax	(13,524)	(2,980)	(2)	–	(16,506)
Net income (loss)	₱100,034	(₱808)	₱7,926	(₱12,500)	₱94,652
Total assets as at end of year	₱2,414,315	₱44,274	₱427,264	(₱430,194)	₱2,455,659
Total liabilities as at end of year	₱184,547	17,191	76,697	(77,203)	₱201,232
Additions to:					
Investment properties	₱–	₱–	₱–	₱–	₱–
Property and equipment	25,400	82	–	–	25,482
	₱25,400	₱82	₱–	₱–	₱25,482
Other information -					
Depreciation and amortization	₱9,034	₱1,584	₱1,312	₱–	₱11,930

	2020				
	Real Estate	Healthcare Services	Investment Holdings	Eliminating Entries	Total
Segment revenue	₱117,605	₱39,436	₱14,991	₱–	₱172,032
Inter-segment revenue	9,364	–	–	(9,364)	–
Net revenue	₱126,969	₱39,436	₱14,991	(₱9,364)	₱172,032
Segment results					
Income before income tax	₱32,209	(₱6,740)	₱15,107	₱–	₱40,576
Provision for (benefit from) income tax	6,714	(1,990)	–	–	4,724
Net income (loss)	₱38,923	(₱8,730)	₱15,107	₱–	₱45,300
Total assets as at end of year	₱2,404,298	₱135,853	₱253,386	(₱408,727)	₱2,384,810
Total liabilities as at end of year	₱177,371	₱93,469	₱1,997	(₱86,054)	₱186,783
Additions to:					
Investment properties	₱394	₱–	₱–	₱–	₱394
Property and equipment	5,368	163	–	–	5,531
	₱5,762	₱163	₱–	₱–	₱5,925
Other information -					
Depreciation and amortization	₱10,016	₱1,744	₱1,315	₱–	₱13,075

Major Customer

The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenue of the Group.

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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
CROWN EQUITIES, INC. AND SUBSIDIARIES
5th Floor Crown Center
158 Jupiter cor. N. Garcia Sts.
Bel-Air Makati City

We have audited the accompanying consolidated financial statements of CROWN EQUITIES, INC. (the “Parent Company”) AND SUBSIDIARIES as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, on which we have rendered our report dated March 28, 2023.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Parent Company has three hundred fifty-four (354) stockholders owning one hundred (100) or more shares each as at December 31, 2022 and 2021.

REYES TACANDONG & CO.

WILSON P. TEO
Partner
CPA Certificate No. 92765
Tax Identification No. 191-520-944-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 92765-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-014-2023
Valid until January 24, 2026
PTR No. 9564567
Issued January 3, 2023, Makati City

March 28, 2023
Makati City, Metro Manila

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**INDEPENDENT AUDITORS' REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
CROWN EQUITIES, INC. AND SUBSIDIARIES
5th Floor Crown Center
158 Jupiter cor. N. Garcia Sts.
Bel-Air Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of CROWN EQUITIES, INC. AND SUBSIDIARIES (the "Group") as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, and have issued our report thereon dated March 28, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 and no material exceptions were noted.

REYES TACANDONG & CO.

WILSON P. TEO
Partner
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Issued January 3, 2023, Makati City

March 28, 2023
Makati City, Metro Manila

CROWN EQUITIES, INC. AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

Below is a schedule showing financial soundness indicators of the Group.

Ratio	Formula	**2022**	2021	2020
Current ratio				
	Current assets	**₱1,008,890,124**	₱975,294,826	₱878,423,629
	Divide by current liabilities	**157,928,348**	166,809,798	149,702,254
	Current Ratio	**6.39**	5.85	5.87
Acid test ratio				
	Current assets	**₱1,008,890,124**	₱975,294,826	₱878,423,629
	Less:			
	Inventories	**88,990,602**	107,080,805	132,235,440
	Other current assets	**40,846,876**	46,233,320	53,138,228
	Quick assets	**879,052,646**	821,980,702	693,049,961
	Divide by current liabilities	**157,928,348**	166,809,798	149,702,254
	Acid Test Ratio	**5.57**	4.93	4.63
Solvency ratio				
	Income before tax	**₱83,108,508**	₱111,158,200	₱40,576,014
	Add depreciation and amortization	**12,205,647**	11,929,797	13,004,736
	Net income before depreciation and amortization	**95,314,155**	123,087,997	53,580,750
	Divide by total liabilities	**201,098,051**	201,232,080	186,782,911
	Solvency Ratio	**0.47**	0.61	0.29
Debt-to-equity ratio				
	Total liabilities	**₱201,098,051**	₱201,232,080	₱186,782,911
	Divide by total equity	**2,293,566,815**	2,254,427,012	2,198,026,737
	Debt-to-Equity Ratio	**0.09**	0.09	0.08
Asset-to-equity ratio				
	Total assets	**₱2,494,664,866**	₱2,455,659,092	₱2,384,809,648
	Divide by total equity	**2,293,566,815**	2,254,427,012	2,198,026,737
	Asset-to-Equity Ratio	**1.09**	1.09	1.08
Interest rate coverage ratio				
	Income before tax	**₱83,108,508**	₱111,158,200	₱40,576,014
	Add interest expense	**–**	–	–
	Pretax income before interest	**83,108,508**	111,158,200	40,576,014
	Divide by interest expense	**–**	–	–
	Interest Rate Coverage Ratio	n/a	n/a	n/a

Ratio	Formula	**2022**	2021	2020
Return on equity				
	Net income attributable to equity holders of the Parent Company	**₱50,664,302**	₱75,709,746	₱27,871,667
	Equity:			
	Beginning of year	**2,254,427,012**	2,198,026,737	2,162,707,502
	End of year	**2,293,566,815**	2,254,427,012	2,198,026,737
		4,547,993,827	4,452,453,749	4,360,734,239
	Divide by	**2**	2	2
	Average equity	**2,273,996,914**	2,226,226,875	2,180,367,120
	Return on Equity	**2.23%**	3.40%	1.28%
Return on assets				
	Net income	**₱68,469,645**	₱94,651,980	₱35,852,358
	Total assets:			
	Beginning of year	**2,455,659,092**	2,384,809,648	2,355,857,511
	End of year	**2,494,664,866**	2,455,659,092	2,384,809,648
		4,950,323,958	4,840,468,740	4,740,667,159
	Divide by	**2**	2	2
	Average assets	**2,475,161,979**	2,420,234,370	2,370,333,580
	Return on Assets	**2.77%**	3.91%	1.51%
Net profit margin				
	Net income	**₱68,469,645**	₱94,651,980	₱35,852,358
	Revenue	**222,779,831**	209,500,746	172,031,363
	Net Profit Margin	**0.31**	0.45	0.21

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REPORT OF INDEPENDENT AUDITORS' ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
CROWN EQUITIES, INC. AND SUBSIDIARIES
5th Floor Crown Center
158 Jupiter cor. N. Garcia Sts.
Bel-Air Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of CROWN EQUITIES, INC. AND SUBSIDIARIES (the "Group") as at and for the year ended December 31, 2022 and have issued our report thereon dated March 28, 2023.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Supplementary Schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Reconciliation of Retained Earnings Available for Dividend Declaration of the Parent Company as at December 31, 2022
- Supplementary Schedules as Required by Part II of the Revised Securities Regulation Code Rule 68 as at December 31, 2022
- Conglomerate Map as at December 31, 2022

These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. The information in these supplementary schedules have been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

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Makati City, Metro Manila

CROWN EQUITIES, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION OF THE PARENT COMPANY

DECEMBER 31, 2022

Retained earnings, as adjusted to available for dividend declaration, at beginning of year as shown in the separate financial statements	(₱66,486,717)
Net income during the year closed to retained earnings	268,126,999
Add (less):	
Reversal on impairment loss on investment in subsidiaries	(212,063,980)
Unrealized gain on changes in fair value of investments in quoted shares	(5,307,031)
Movement in deferred tax recognized in profit or loss	2,160,732
Total retained earnings available for dividend declaration at end of year	(₱13,569,997)

Reconciliation:	
Retained earnings at end of year as shown in the separate financial statements	₱720,866,380
Less:	
Treasury stock	(481,523,251)
Reversal on impairment loss on investment in subsidiaries	(212,063,980)
Cumulative unrealized gain on changes in fair value of investments in quoted shares	(32,624,280)
Deferred tax assets as at end of year, excluding amount recognized in other comprehensive income	(15,837,425)
Deferred tax liability as at end of year	7,612,559
Total retained earnings available for dividend declaration at end of year	(₱13,569,997)

CROWN EQUITIES, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES AS REQUIRED BY PART II OF THE REVISED SRC RULE 68
DECEMBER 31, 2022

CROWN EQUITIES, INC. AND SUBSIDIARIES

Financial Assets
DECEMBER 31, 2022

Name of issuing entity & association of each issue	Number of shares or principal amount of bonds and notes	Amount shown on the balance sheet	Values based on market quotation at end of reporting period	Income received and accrued
Fair Value Through Profit or Loss				
ABOITIZ POWER	100,000	₱3,405,000	₱3,405,000	₱145,000
AC ENERGY PHILIPPINES, INC.	30,090	229,286	229,286	1,805
AGRICULTURAL BANK OF CHINA	250,000	4,790,624	4,790,624	382,455
AREIT INC.	40,000	1,416,000	1,416,000	77,200
ASCENDAS REAL ESTATE INVT TRUST	89,000	10,137,878	10,137,878	184,415
ASIA UNITED BANK	9,000	360,450	360,450	18,000
BANK OF CHINA LTD-H	300,000	6,091,958	6,091,958	–
BASIC ENERGY CORP.	3,333	933	933	–
BELLE CORPORATION	75	92	92	–
BGF ASIAN HIGH YIELD	14,393	4,309,267	4,309,267	415,197
BYD COMPANY	8,640	11,898,366	11,898,366	6,814
CEMEX HOLDINGS PHILIPPINES, INC.	350,000	213,500	213,500	–
CHINA BANKING CORPORATION	17,972	493,331	493,331	26,958
CITICORE ENERGY REIT CORP.	1,228,800	2,813,952	2,813,952	151,142
CONVERGE INFO. & COMM. TECHNOLOGY SOLUTIONS, INC.	51,800	822,584	822,584	–
COSCO CAPITAL	27,000	126,090	126,090	3,240
D&L INDUSTRIES, INC.	11,000	86,900	86,900	2,640
DMCI HOLDINGS, INC	125,000	1,500,000	1,500,000	198,000
DOUBLEDRAGON PROPERTIES CORP	23,200	2,273,600	2,273,600	150,285
EASTWEST	68,617	457,675	457,675	27,447
EMPIRE EAST LAND INC.	400,000	75,200	75,200	–
ESR REIT SG	265,935	4,090,569	4,090,569	50,974
FILINVEST LAND INC. - REIT	427,200	2,349,600	2,349,600	148,102
FRASERS COMMERCIAL TRUST	209,610	10,108,261	10,108,261	425,293
GLOBE TELECOM	1,882	4,102,760	4,102,760	261,160
GMA NETWORK INC.	302,000	3,388,440	3,388,440	839,550
HOLCIM PHILIPPINES, INC.	57,500	224,250	224,250	–
KEPPEL DC REIT	100,000	7,358,338	7,358,338	145,503
MANILA ELECTRIC COMPANY	21,000	6,274,800	6,274,800	517,444
MANILA MINING	8,988	86	86	–

Name of issuing entity & association of each issue	Number of shares or principal amount of bonds and notes	Amount shown on the balance sheet	Values based on market quotation at end of reporting period	Income received and accrued
MANILA WATER COMPANY, INC.	339,100	₱6,476,810	₱6,476,810	₱128,519
MAPLETREE INDUSTRIAL TRUST	100,000	9,229,102	9,229,102	245,023
MAPLETREE LOGISTICS TRUST	207,400	13,709,207	13,709,207	570,608
MREIT INC.	81,500	1,180,120	1,180,120	40,033
NEXTGENESIS CORP	15,000	–	–	–
NICKEL ASIA CORPORATION	1,203,500	7,028,440	7,028,440	541,575
ORIENTAL PETROLEUM & MINERAL "A"	117,021,003	1,170,210	1,170,210	58,511
ORIENTAL PETROLEUM & MINERAL "B"	30,000,000	330,000	330,000	15,000
PETRON CORPORATION	22,000	52,800	52,800	–
PLDT	11,855	15,613,035	15,613,035	1,667,775
SEMIRARA MINING	93,500	3,225,750	3,225,750	1,495,000
SG TELECOMMUNICATIONS LTD.	45,000	4,807,863	4,807,863	295,016
SHANG PROPERTIES INC	417,277	1,059,884	1,059,884	68,851
SHELL CORP.	95,000	1,605,500	1,605,500	427,940
SPC POWER CORP	10,000	94,600	94,600	2,000
UNION BANK OF THE PHILS	5,803	499,639	499,639	11,567
WESTPAC BANKING CORP	7,000	6,196,945	6,196,945	413,843
ZEUS HOLDINGS	1,350,000	171,450	171,450	–
	170,076,973	₱161,851,145	₱161,851,145	₱10,159,885

Fair Value Through Other Comprehensive Income				
Asian Alliance Holdings & Development Corp.	90,004,634	₱15,344,659	₱15,344,659	₱–

CROWN EQUITIES, INC. AND SUBSIDIARIES

Amounts Receivable from Related Parties which are Eliminated
During the Consolidation of the Financial Statements
DECEMBER 31, 2022

Name of and Designation of Debtor	Balance at Beginning of Year	Additions	Amounts collected	Amounts Written–off	Current	Noncurrent	Balance at End of Year
Healthcare Systems Asia Phils. Inc.	₱77,443,638	₱–	₱	₱–	₱77,443,638	₱–	₱77,443,638
Allowance for Impairment	(25,079,084)	–	–	–	(25,079,084)	–	(25,079,084)
	₱52,364,554	₱–	₱–	₱–	₱52,364,554	₱–	₱52,364,554

SCHEDULE G

CROWN EQUITIES, INC. AND SUBSIDIARIES

Capital Stock
DECEMBER 31, 2022

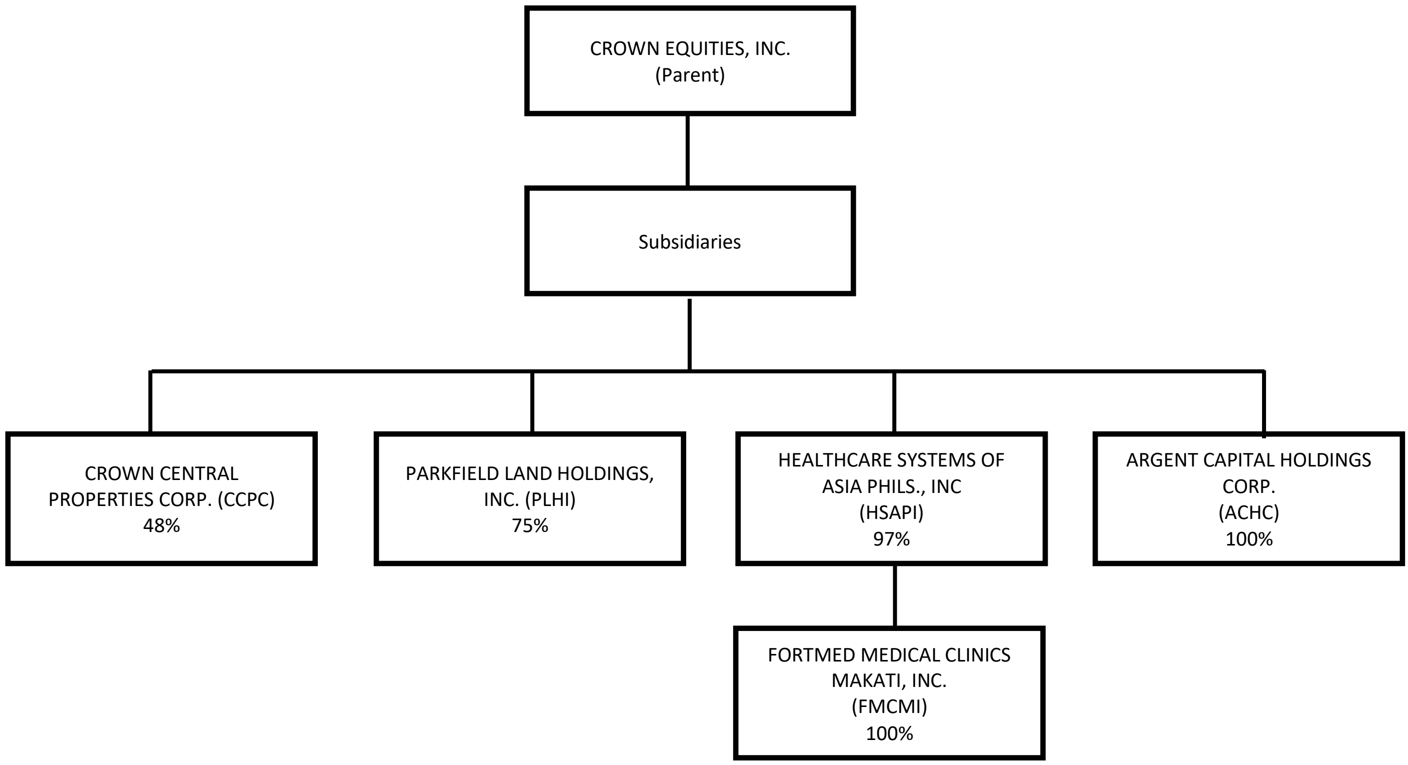
				Number of shares held by		
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Related parties	Directors, officers and employees*	Others
Common Stock	24,000,000,000	14,959,999,950	–	–	1,522,543,524	13,437,456,426

**includes indirectly held but beneficially owned shares*

CROWN EQUITIES, INC. AND SUBSIDIARIES

CONGLOMERATE MAP

DECEMBER 31, 2022



C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	0	3	9	7	4	5

C O M P A N Y   N A M E

CROWN EQUITIES, INC.

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

5th Floor Crown Center, 158 Jupiter cor. N. Garcia Sts., Bel-Air Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
ASFS	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number/s	Mobile Number
ebm@crownequitiesinc.com	(632) 8-899-0081	+63 919 076 1391

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
365	4th Tuesday of May	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Eugene B. Macalalag	ebm@crownequitiesinc.com	(632) 8-899-0081	–

CONTACT PERSON'S ADDRESS

5th Floor Crown Center, 158 Jupiter cor. N. Garcia Sts., Bel-air Makati City

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

NOTE 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 shall not excuse the corporation from liability for its deficiencies.*

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
CROWN EQUITIES, INC.
5th Floor Crown Center
158 Jupiter cor. N. Garcia Sts.
Bel-Air Makati City

Opinion

We have audited the separate financial statements of CROWN EQUITIES, INC. (the "Company"), which comprise the separate statements of financial position as at December 31, 2022 and 2021, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2022, 2021 and 2020, and notes to separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022, 2021 and 2020, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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.

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

REYES TACANDONG & CO.

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Partner
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PTR No. 9564567
Issued January 3, 2023, Makati City

March 28, 2023
Makati City, Metro Manila

CROWN EQUITIES, INC.

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2022**	2021
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱505,749,261**	₱384,093,081
Investments in quoted shares	5	**127,152,069**	176,490,565
Receivables	6	**23,353,392**	36,062,704
Real estate inventories	7	**32,661,494**	37,152,187
Due from subsidiaries	16	**72,540,431**	72,540,431
Other current assets	8	**31,052,303**	31,848,497
Total Current Assets		**792,508,950**	738,187,465
Noncurrent Assets			
Installment contracts receivable - net of current portion	6	**44,338,092**	36,238,936
Investments in subsidiaries	11	**563,270,422**	351,206,442
Investment properties	9	**979,421,836**	988,686,723
Property and equipment	10	**9,238,932**	4,987,574
Deferred tax assets	23	**14,410,170**	11,249,208
Other noncurrent assets	12	**19,474,464**	19,670,514
Total Noncurrent Assets		**1,630,153,916**	1,412,039,397
		₱2,422,662,866	₱2,150,226,862
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	13	**₱85,533,142**	₱94,054,791
Noncurrent Liabilities			
Retirement benefits liability	14	**19,023,114**	11,558,974
Security deposits	22	**4,102,393**	3,808,169
Deferred tax liabilities	23	**6,285,801**	2,021,526
Total Noncurrent Liabilities		**29,411,308**	17,388,669
Total Liabilities		**114,944,450**	111,443,460

(Forward)

	Note	December 31 **2022**	 2021
Equity			
Capital stock	15	**₱1,977,523,246**	₱1,977,523,246
Additional paid-in capital (APIC)	15	**118,570,274**	118,570,274
Retained earnings		**720,866,380**	452,739,381
Other comprehensive loss		**(27,718,233)**	(28,526,248)
		2,789,241,667	2,520,306,653
Treasury stock	15	**(481,523,251)**	(481,523,251)
Total Equity		**2,307,718,416**	2,038,783,402
		₱2,422,662,866	₱2,150,226,862

See accompanying Notes to Separate Financial Statements.

CROWN EQUITIES, INC.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2022**	2021	2020
REVENUE				
Real estate sales	17	**₱52,025,970**	₱42,439,965	₱51,637,711
Dividend income	11	**36,763,257**	25,898,809	14,953,371
Rental income	22	**15,647,904**	14,741,314	14,634,368
Interest income	4	**9,797,911**	9,809,777	7,835,099
Management fees	17	**7,200,000**	7,200,000	6,700,000
		121,435,042	100,089,865	95,760,549
DIRECT COSTS				
Cost of real estate sold	18	**20,107,359**	18,502,675	25,683,268
Depreciation and amortization	9	**6,147,173**	6,432,387	6,399,259
Taxes and licenses		**3,217,153**	3,227,551	3,078,947
		29,471,685	28,162,613	35,161,474
GROSS INCOME		**91,963,357**	71,927,252	60,599,075
SELLING AND ADMINISTRATIVE EXPENSES	19	**(70,577,864)**	(52,642,227)	(47,810,226)
OTHER INCOME - Net	20	**248,326,798**	47,035,694	12,397,404
INCOME BEFORE INCOME TAX		**269,712,291**	66,320,719	25,186,253
PROVISION FOR (BENEFIT FROM) INCOME TAX	23			
Current		**751,318**	203,578	970,963
Deferred		**833,974**	2,732,077	(788,787)
		1,585,292	2,935,655	182,176
NET INCOME		**268,126,999**	63,385,064	25,004,077

(Forward)

		Years Ended December 31		
	Note	**2022**	2021	2020
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss				
Unrealized fair value loss on financial assets at fair value through other comprehensive income (FVOCI)	12	**₱–**	(₱32,000,000)	₱–
Remeasurement gain (loss) on retirement benefits, net of tax effect	14	**808,015**	1,533,922	(34,468)
		808,015	(30,466,078)	(34,468)
TOTAL COMPREHENSIVE INCOME		**₱268,935,014**	₱32,918,986	₱24,969,609
BASIC/DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	21	**₱0.01792**	₱0.00424	₱0.00167

See accompanying Notes to Separate Financial Statements.

CROWN EQUITIES, INC.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31 **2022**	2021	2020
CAPITAL STOCK	15			
Balance at beginning and end of year		**₱1,977,523,246**	₱1,977,523,246	₱1,977,523,246
APIC				
Balance at beginning and end of year	15	**118,570,274**	118,570,274	118,570,274
RETAINED EARNINGS				
Balance at beginning of year		**452,739,381**	389,354,317	364,350,240
Net income		**268,126,999**	63,385,064	25,004,077
Balance at end of year		**720,866,380**	452,739,381	389,354,317
OTHER COMPREHENSIVE INCOME				
Not to be reclassified to profit or loss in subsequent periods				
Cumulative Unrealized Fair Value Loss on Financial Assets at FVOCI				
Balance at beginning of year		**(32,000,000)**	–	–
Unrealized loss on fair value changes	12	**–**	(32,000,000)	–
Balance at end of year		**(32,000,000)**	(32,000,000)	–
Cumulative Remeasurement Gain on Retirement Benefits Liability, Net of Tax Effect	14			
Balance at beginning of year		**3,473,752**	1,939,830	1,974,298
Remeasurement gain (loss) on retirement benefits liability, net of tax effect		**808,015**	1,533,922	(34,468)
Balance at end of year		**4,281,767**	3,473,752	1,939,830
		(27,718,233)	(28,526,248)	1,939,830
TREASURY STOCK				
Balance at beginning and end of year	15	**(481,523,251)**	(481,523,251)	(481,523,251)
		₱2,307,718,416	₱2,038,783,402	₱2,005,864,416

See accompanying Notes to Separate Financial Statements.

CROWN EQUITIES, INC.

SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2022**	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱269,712,291**	₱66,320,719	₱25,186,253
Adjustments for:				
Gain on reversal of allowance for impairment losses on:				
Investment in subsidiaries	20	**(212,063,980)**	–	–
Receivables	20	**(112,289)**	–	–
Dividend income	11	**(36,763,257)**	(25,898,809)	(14,953,371)
Gain on sale of investment properties	9	**(26,401,480)**	–	–
Unrealized loss (gain) on changes in:				
Fair value of investments in quoted shares	20	**(5,307,031)**	(32,450,740)	5,133,490
Foreign exchange rates	20	**(5,172,968)**	(585,074)	637,326
Interest income from:	4			
Cash and cash equivalents		**(8,775,362)**	(2,533,355)	(4,747,420)
Loans receivable		**(999,999)**	(118,056)	(4,545,976)
Depreciation and amortization	9	**9,317,273**	8,812,859	9,709,808
Retirement benefits cost	14	**8,541,494**	2,142,442	1,998,898
Loss (gain) on contract cancellations and forfeitures	20	**1,396,098**	(505,833)	(50,000)
Provision for impairment losses on receivables	6	**–**	–	371,884
Operating income before working capital changes		**(6,629,210)**	15,184,153	18,740,892
Decrease (increase) in:				
Receivables		**(15,277,555)**	(2,173,588)	(3,160,261)
Investments in quoted shares		**54,645,527**	36,733,150	9,690,930
Real estate inventories		**9,233,093**	9,684,136	9,552,689
Other assets		**5,843,987**	3,823,845	3,570,526
Increase (decrease) in:				
Accounts and other payables		**(9,917,747)**	(703,235)	(4,714,964)
Security deposits		**294,224**	215,317	297,359
Net cash generated from operations		**38,192,319**	62,763,778	33,977,171
Dividends received		**36,763,257**	25,898,809	28,412,971
Interest received		**9,775,361**	2,651,411	9,293,396
Income taxes paid		**(5,603,061)**	(4,097,459)	(4,727,595)
Net cash flows from operating activities		**79,127,876**	87,216,539	66,955,943

(Forward)

	Note	Years Ended December 31 2022	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investment properties	9	**₱31,432,500**	₱–	₱–
Loans receivable:	6			
Collections		**20,000,000**	25,000,000	25,000,000
Extension		**–**	(20,000,000)	–
Acquisitions of:				
Property and equipment	10	**(7,421,458)**	(2,978,721)	(267,519)
Investment properties	9	**(6,655,706)**	(22,421,529)	(5,488,513)
Addition to investments in subsidiaries	11	**–**	(25,000,000)	–
Collections from due from subsidiaries	16	**–**	3,893,033	1,000,000
Net cash flows from investing activities		**37,355,336**	(41,507,217)	20,243,968
CASH FLOWS FROM A FINANCING ACTIVITY				
Payments to advances from a subsidiary	16	**–**	–	(25,000,000)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**5,172,968**	585,074	(637,326)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**121,656,180**	46,294,396	61,562,585
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**384,093,081**	337,798,685	276,236,100
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱505,749,261**	₱384,093,081	₱337,798,685

COMPONENTS OF CASH AND CASH EQUIVALENTS	4			
Cash on hand		**₱–**	₱–	₱14,998
Cash in banks		**78,749,261**	42,186,366	223,838,490
Short-term placements		**427,000,000**	341,906,715	113,945,197
		₱505,749,261	₱384,093,081	₱337,798,685

See accompanying Notes to Separate Financial Statements.

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

1. **Corporate Information**

CROWN EQUITIES, INC. (CEI or the "Company"), a public corporation under Section 17.2 of the Securities Regulation Code (SRC), was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on October 24, 1969. The Company is an investment holding company, currently engaged in the business of real estate development and healthcare through its subsidiaries. Its shares are listed on the Philippine Stock Exchange (PSE).

The Company's registered office address is 5th Floor Crown Center, 158 Jupiter cor. N. Garcia Sts., Bel-Air Makati City.

As at December 31, 2022, 2021 and 2020, the Company has ownership interests in the following subsidiaries, all incorporated in the Philippines:

Name of Subsidiary	% of Ownership	Nature of Business	Principal Place of Business
Crown Central Properties, Corp. (CCPC) [a]	48%	Real Estate	Biñan, Laguna
Parkfield Land Holdings, Inc. (PLHI)	75%	Real Estate	Makati City
Healthcare Systems of Asia Phils., Inc (HSAPI)	97%	Holding	Makati City
Fortmed Medical Clinics Makati, Inc. (FMCMI) [b]	97%	Healthcare	Makati City
Argent Capital Holdings Corporation (ACHC)	100%	Holding	Makati City

(a) Management has determined that the Parent Company has control over the financial and operating policies of CCPC through representation on the Board of Directors (BOD) (see Note 3).
(b) Indirectly owned through HSAPI.

Approval of Separate Financial Statements
The separate financial statements as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 were approved and authorized for issuance by the BOD on March 28, 2023, and was reviewed and recommended for approval by the Executive Committee on the same date.

2. **Summary of Significant Accounting and Reporting Policies**

The significant accounting policies used in the preparation of the separate financial statements have been consistently applied to all years presented, unless otherwise stated.

Basis of Preparation and Statement of Compliance
The separate financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements.

The Company also prepares consolidated financial statements for the same period, as the separate financial statements presented in accordance with PFRSs. These may be obtained at the registered office address of the Company or at the SEC.

Bases of Measurement

The separate financial statements are presented in Philippine Peso (Peso), the Company's functional currency. All values are rounded to the nearest Peso except when otherwise indicated.

The separate financial statements of the Company have been prepared on a historical cost basis except for investments in quoted shares designated at fair value through profit or loss (FVPL) and investment in unquoted shares designated at fair value through other comprehensive income (FVOCI). Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company uses observable market data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- 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.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes to separate financial statements:

- Note 3 - Significant Judgments, Estimates and Assumptions
- Note 5 - Investments in Quoted Shares
- Note 9 - Investment Properties
- Note 12 - Investment in Unquoted Shares under "Other Noncurrent Assets"
- Note 25 - Fair Value of Financial Assets and Liabilities

Adoption of Amended PFRSs

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRSs:

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. There is no transition relief for first-time adopters.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The 'costs of fulfilling' a contract comprise the 'costs that relate directly to the contract'. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.

- Annual Improvements to PFRS 2018 to 2020 Cycle -

    - Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

Under prevailing circumstances, the adoption of the amended PFRSs did not materially affect the separate financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

Amended PFRSs in Issue But Not Yet Effective or Adopted

Relevant amended PFRSs, which are not yet effective as at December 31, 2022 and have not been applied in preparing the separate financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments should be applied on a modified retrospective basis. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

- PIC Q&A 2018-12-D, *PFRS 15, Implementing Issues Affecting the Real Estate Industry (as amended by PIC Q&A 2020-4)* – On December 15, 2020, the SEC issued SEC MC No. 34-2020 providing relief to the real estate industry by deferring the application of "assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (with an addendum in PIC Q&A 2020-04)" until December 31, 2023.

  The Company availed of the SEC relief with respect to accounting for significant financing component. The adoption of this guidance would have an impact on the Company's revenue from real estate sales and interest income.

Under prevailing circumstances, the adoption of the foregoing amended PFRSs except for PIC Q&A 2018-12-D, *PFRS 15, Implementing Issues Affecting the Real Estate Industry (as amended by PIC Q&A 2020-4)* is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

Financial Assets and Liabilities

Recognition and Measurement

Date of Recognition. The Company recognizes a financial asset or a financial liability in the separate statement of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way of purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVPL, includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

As at December 31, 2022 and 2021, the Company does not have financial liabilities at FVPL.

Classification of Financial Instruments between Liability and Equity. A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy 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.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Financial Assets at FVPL. Financial assets at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at December 31, 2022 and 2021, the Company designated its investments in quoted shares as financial assets at FVPL.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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 are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectibility is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2022 and 2021, the Company's cash and cash equivalents, receivables, due from subsidiaries, construction bond and refundable deposits (presented under "Other current assets" account) are classified under this category.

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 dates of placement and which are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in other comprehensive income and presented in the equity section of the separate statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods, even if the asset is sold or impaired. The cumulative fair value adjustment is transferred to retained earnings when the asset is sold.

As at December 31, 2022 and 2021, the Company designated its investment in unquoted shares (presented as part of "Other noncurrent assets" account) as financial asset at FVOCI.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either 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 its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2022 and 2021, the Company's accounts and other payables (excluding contract liabilities, deposits for document processing and statutory payable) and security deposits are classified under this category.

Reclassification
The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset. The financial asset is measured at the reclassification day as if it had always been measured at amortized cost.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed of. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets at Amortized Cost
The Company records an allowance for expected credit losses (ECL) which is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For receivables (excluding installment contracts receivable), the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company 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 installment contracts receivable and other financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition

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

- The right to receive cash flows from the asset has expired;
- The Company retains the right to receive cash flows from the financial 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 Company has transferred its right to receive cash flows from the financial 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 Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

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

Offsetting
Financial assets and liabilities are offset and the net amount is reported in the separate statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the separate statement of financial position.

Real Estate Inventories
Real estate inventories include properties being constructed for sale in the ordinary course of business rather than to be held for rent or capital appreciation. Real estate inventories are initially measured at cost. Subsequently, real state inventories are stated at the lower of cost and net realizable value (NRV).

Costs include the acquisition cost of the land plus costs incurred for development and improvement of the properties. NRV is the estimated selling price in the ordinary course of business less estimated costs to complete and sell. Cost represents price using specific identification method.

At each reporting date, real estate inventories are assessed for impairment. If real estate inventories are impaired, the carrying amount is reduced to its NRV. The impairment loss is recognized immediately in profit or loss.

When real estate inventories are sold, the carrying amount of those real estate inventories is recognized to profit or loss in the year when the related revenue is recognized.

Investments in Subsidiaries
The Company's investments in subsidiaries are carried at cost, less any impairment in value. A subsidiary is an entity in which the Company has control.

Control is presumed to exist when the Company holds between more than 50% of the voting power of another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The investment is derecognized when it is sold or disposed. Gains or losses arising from derecognition of an investment in a subsidiary are measured as the difference between the net proceeds and the carrying amount of the asset and are recognized in the profit or loss when the asset is derecognized.

Investment Properties
Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

Building and building improvements, except land and construction-in-progress (CIP), are measured at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

CIP represents the on-going construction of the additional floor of the building and is stated at cost including costs of construction and other direct costs. This is not depreciated until such time that the relevant assets are completed and ready for operational use.

Depreciation and amortization on building and building improvements are computed using the straight-line method over the estimated useful life of 30 years. The estimated useful life and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of investment properties.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party or ending of the construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

Investment properties are derecognized when either these have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the year of retirement or disposal.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value.

The initial cost of property and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year 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 additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

Asset Type	Useful Life in Years
Office furniture, fixtures and equipment	3 to 5
Transportation and other equipment	5

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

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Other Assets

Creditable Withholding Taxes (CWTs). CWTs represent the amount withheld by the Company's customers in relation to its income. CWTs can be carried forward to the succeeding year when in excess of income tax payable and utilized as payment for income taxes provided that these are properly supported with certificates of creditable tax withheld at source. CWTs are stated at face amount less any impairment in value.

Prepayments. Prepayments are expenses paid in advance and recorded as assets based on amount paid before these are utilized. Prepayments are apportioned over the period covered by the payment and included in profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Value-added Tax (VAT). Revenue, expenses and assets are generally recognized net of the amount of VAT, except for receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from taxation authority is presented as "Input VAT."

Deferred Input VAT. In accordance with Revenue Regulations (RR) No. 16-2005, as amended by RR No. 13-2018, input VAT on purchases or imports of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter. Deferred input VAT that is expected to be realized within 12 months after the financial reporting period is classified as current asset. Otherwise, it is classified as noncurrent asset.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million or if the purchase was made on or after January 1, 2022, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Deposits for Stock Subscription. Deposits for stock subscription represent payment for stock subscription where actual issuance is not yet made and is carried at face amount, less any impairment in value.

The Company classifies its deposits for stock subscription as a separate account under other noncurrent assets in the separate statements of financial position.

Interest in a Joint Operation

A joint arrangement is an arrangement whereby the parties are bound by a contractual arrangement and such contractual arrangement gives two or more of those parties joint control of the arrangement. A joint arrangement is either a joint operation or joint venture.

A joint operation involves the use of assets and other resources of the Company and other venturers rather than the establishment of a corporation, partnership or other entity. The Company accounts for the assets it controls, and the liabilities and expenses it incurs, and the share of the income that it earns from the sale of goods, properties or services by the joint operation. The assets contributed to the joint operation are measured at the lower of cost or NRV.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

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 recoverable amount is estimated. 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. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined (net of depreciation and amortization for investment properties and property and equipment) had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Employee Benefits

Short-term Benefits. Short-term employee benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the accounting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences and non-monetary benefits.

Retirement Benefits. The retirement benefits cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit liability is performed by a qualified actuary.

The Company recognizes current service costs, past service costs and interest expense on the retirement benefits liability in profit or loss. Interest expense is calculated by applying the discount rate to the retirement benefits liability at the beginning of the year, taking into account any changes in the defined liability during the period as a result of benefit payments.

Remeasurements of the retirement benefits liability, which pertains to actuarial gains and losses, are recognized immediately in other comprehensive income in the period in which they arise.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The net retirement benefits liability recognized by the Company is the present value of the defined benefit obligation reduced by the fair value of plan asset. The present value of defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related retirement benefits liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the separate financial statements do not differ materially from the amounts that would be determined at the reporting date.

Equity

Capital Stock and APIC. Capital stock is measured at par value for all shares subscribed and/or issued. The subscribed capital stock is reported in equity at par less the related subscription receivable not collectible currently. Incremental costs, net of tax, incurred that are directly attributable to the issuance of new shares are recognized in equity as a reduction from related APIC or retained earnings. Excess of proceeds or fair value of the consideration received over par value is recognized as APIC.

Retained Earnings. Retained earnings represent the cumulative balance of the Company’s results of operations, net of dividends. Retained earnings may also include the effect of changes in accounting policy as may be required by the standard’s transitional provision.

Other Comprehensive Loss. This pertains to the cumulative unrealized fair value loss on financial assets at FVOCI and cumulative remeasurement gain or loss on the Company’s retirement benefits liability arising from experience adjustments and changes in financial assumptions. Unrealized fair value loss on financial assets at FVOCI and remeasurements of retirement benefits liability, and the corresponding deferred tax component of the remeasurements of retirement benefits liability, are recognized immediately in other comprehensive income and are included in equity. These are not reclassified to profit or loss in subsequent periods.

Treasury Stock. Own equity instruments which are reacquired are recognized at cost and deducted from equity. No gain or loss is recognized in the separate statement of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in APIC. Voting rights related to treasury stock are nullified for the Company and no dividends are allocated to them.

Revenue Recognition

The Company generates revenue primarily from real estate sales. Other revenue sources include rental income from investment properties and income from investing activities of the Company.

Revenue from Contracts with Customers. Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized.

- *Real Estate Sales*. The Company assesses whether it is probable that the economic benefits will flow to the Company when the contract price is collectible. Collectibility of the contract price is demonstrated by the buyer's commitment to pay, which is supported by the buyer's initial and continuous investments that motivate the buyer to honor its obligation. Collectibility is also assessed by considering factors such as collections and credit standing of the buyer.

  The collectibility of the sales price is considered reasonably assured when a substantial portion of the contract price is received and continuing payment is made by the buyer giving the buyer a substantial stake in the property sufficient to motivate the buyer to fulfill its purchase commitment.

  Revenue from sales of completed real estate projects is generally accounted for using the full accrual method.

  Pending recognition of sale, cash received from buyers are presented as "Contract liabilities" under "Accounts and other payables" account in the separate statements of financial position. Collections for processing of deed of sale and other documents necessary in transferring titles to real estate buyers are presented as "Deposits for document processing" under "Accounts and other payables" in the separate statements of financial position.

- *Management Fees.* Management fees are recognized when related services are rendered.

Revenue from Other Sources. Revenue from other sources is recognized as follows:

- *Rental Income.* Rental income is recognized on a straight-line basis over the lease term. Unearned rental income is included as part of "Others" under "Accounts and other payables" account in the separate statements of financial position.

- *Dividend Income.* Dividend income is recognized on the date when the Company's right to receive payment is established.

- *Interest Income.* Interest income from financial assets at FVPL is included in the net fair value gains (losses) on these assets. Interest income on financial assets at amortized cost calculated using the effective interest method is recognized as interest income under revenue. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as such where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Other Income
The Company's other sources of income, which are mainly from gains on reversal of allowance for impairment losses, disposal of assets, forfeiture of customer deposits, surcharges, and other fees, are recognized as income when earned.

Contract Balances

- *Receivables*. A receivable represents the Company'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 a consideration in exchange for goods or services transferred to a customer. If the Company performs by transferring goods or services to a customer before the customer pays a consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

  As at December 31, 2022 and 2021, the Company does not have outstanding contract assets.

- *Contract Liabilities*. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays a consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made by the customer or when the payment is due (whichever is earlier). Contract liabilities are recognized as revenue as the Company performs its obligations under the contract. Contract liabilities also include payments received by the Company from customers for which revenue recognition has not yet commenced and payments in excess of revenue recognized based on POC.

  As at December 31, 2022 and 2021, balances of contract liabilities are disclosed in Note 13.

- *Cost to Obtain a Contract.* If the Company expects to recover the incremental costs of obtaining a contract with a customer, the costs are recognized as an asset. The Company has determined that commissions paid to brokers and 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 administrative expenses" account in the separate statements of comprehensive income. Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

- *Contract Fulfillment Asset.* 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 Company first 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 Company 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 these criteria requires the application of judgment, 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.

  As at December 31, 2022 and 2021, the Company does not have cost to obtain a contract and contract fulfillment asset.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Cost of Real Estate Sold. Cost of real estate sold is recognized in profit or loss upon sale and 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 percentage of completion used for revenue recognition purposes.

Selling and Administrative Expenses. Selling and administrative expenses constitute costs incurred to sell and market the goods and costs of administering the business. These are recognized as expense in the period when these are incurred.

Foreign Currency Transactions and Translation
Transactions in currencies other than Peso are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the year such are realized.

Leases
The Company assesses whether the contracts is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

i. The right to obtain substantially all of the economic benefits from the use of the identified asset; and

ii. The right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered 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.

Deferred Tax. Deferred tax is provided 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 tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, excess minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO) to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, excess MCIT and NOLCO can be utilized within the period allowed by the tax regulations.

The carrying amount of a deferred tax asset 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 asset to be utilized within the period allowed by the tax regulations. 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 tax assets and liabilities are measured at the tax rates and tax laws that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Offsetting. Current tax assets and current tax liabilities are offset, or deferred tax assets and deferred tax liabilities are offset if, and only if, an enforceable right exists to set off the amounts and it can be demonstrated without undue cost or effort that the Company plans either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in OCI or directly in equity, in which case, the current and deferred tax are also recognized in OCI or directly in equity respectively.

Related Party Relationships and Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities that are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Company's total assets or, ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Company's total assets. Details of transactions entered into by the Company with related parties are reviewed by independent directors in accordance with the Company's related party transactions policy.

Provisions

Provisions are recognized when the Company 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 due to the passage of time is recognized as interest expense.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The estimates of outcome and financial effect are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting period.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the separate financial statements. These are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate financial statements but are disclosed in the notes to separate 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 Company's separate financial position as at the reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to separate financial statements when material.

Earnings Per Share (EPS)

The Company presents basic and diluted EPS data for its common shares.

Basic EPS is calculated by dividing the net income attributable to common shareholders of the Company by the weighted average number of common shares issued and outstanding during the year. There are no potential dilutive shares.

3. **Significant Judgments, Estimates and Assumptions**

The preparation of the Company's separate financial statements requires management to make judgments and estimates that affect the amounts reported in the separate financial statements and accompanying notes. The judgments and estimates used in the separate financial statements are based on management's evaluation of relevant facts and circumstances as at the reporting date.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the year in which the estimate is revised if the change affects only that year or in the year of the revision and future years if the change affects both current and future years.

The Company believes that the following represent a summary of these significant judgments, estimates and assumptions and the related impact and associated risks in the separate financial statements:

Classifying Financial Instruments. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

Management has determined that the Company's investments in quoted shares are acquired principally for the purpose of selling in the near term; hence, the Company classified its investment as financial asset at FVPL.

Management has determined that the Company's investments in unquoted shares is to be held indefinitely and will be sold in response to liquidity requirements; hence, the Company classified its investment as financial asset at FVOCI.

Determining Control over Investee Companies. Control over an investee is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Management has determined that the Parent Company has control over the financial and operating policies of CCPC through representation on the BOD.

Classifying a Property. The Company determines whether a property is classified as real estate inventories, investment properties or property and equipment:

- Real estate inventories comprise properties that are held for sale in the ordinary course of business. Principally, these are condominium units and residential properties that the Company develops and intends to sell before or on completion of construction.

- Investment properties consist of properties which are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

- Property and equipment are tangible items that are held for use in the production or supply of goods or services and are expected to be used for more than one period. These are properties which are owner-occupied and are substantially for use of the Company or in the operations.

Determining the Highest and Best Use of Investment Properties. The Company determines the highest and best use of its investment properties when measuring fair value. In making its judgment, the Company takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The Company has determined that the highest and best use of the investment properties is their current use.

The fair value of the investment properties is disclosed in Note 9.

Assessing Contingencies. The Company is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Company's management and legal counsel believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the separate financial statements. Accordingly, no liability for probable losses arising from contingencies was recognized in the separate financial statements as at December 31, 2022 and 2021.

Identifying Performance Obligation. The Company has various contracts to sell covering houses and condominium units. The Company concluded that there is one performance obligation in each of these contracts because the Company has the obligation to deliver the house and the condominium units duly constructed in a specific lot and fully integrated into the land in accordance with the approved plan. Included also in this performance obligation is the Company's service to transfer the title of the real estate unit to the customer.

Determining Revenue and Cost Recognition. Selecting an appropriate revenue recognition method for a particular real estate transaction requires certain judgments based on the buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment and completion of development. The Company concluded that revenue for real estate sales for completed real estate projects is to be recognized at a point in time, when control is transferred. The control is transferred when the customer has accepted the asset and the customer acceptance of an asset may indicate that it has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The amounts of real estate sales and cost of real estate sold are disclosed in Notes 17 and 18, respectively.

Classifying Lease Commitment. The Company has entered into lease agreements for its office building and condominium units. The Company has determined, based on the evaluation of terms and conditions of agreement, that the lessor retains all the significant risks and benefits of ownership related to the leased properties. Accordingly, the agreements are accounted for as operating leases.

The amount of rental income is disclosed in Note 22.

Assessing ECL. While cash and cash equivalents, refundable deposits and construction bond are also subject to the impairment requirements of PFRS 9, the assessed impairment loss is not material.

<u>Trade Receivables (Excluding Installment Contracts Receivable)</u>. The Company applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are initially based on the Company's historical default rates. These historical default rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified macroeconomic factors that are relevant, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The assessment of the correlation between historical default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

<u>Installment Contracts Receivable and Other Financial Assets at Amortized Cost</u>. The Company applies the general approach in measuring ECL which uses a 12-month or lifetime ECL for all installment contracts receivable and other financial assets at amortized cost. To measure the ECL, these have been grouped based on shared credit risk characteristics and the days past due.

The information about the ECL on the Company's financial assets at amortized cost is disclosed in Note 24. The amount of impairment loss on receivables is disclosed in Note 6. The carrying amounts of these financial assets are disclosed in Notes 6 and 16.

Estimating Fair Value of Financial Instruments. When the fair values of financial assets and financial liabilities recorded in the separate statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the net asset method. The inputs to this method are based on net asset value on the separate statement of financial position, but where these are not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

The information on fair value measurement of financial assets and liabilities is disclosed in Note 25.

Estimating the NRV of Real Estate Inventories. The Company determines the NRV of real estate inventories annually in accordance with the accounting policy stated in Note 2. In determining the NRV, the Company considers the current selling price of the real estate inventories for sale and estimated costs to complete and sell. The Company writes down the carrying amount of the real estate inventories when the NRV becomes lower than the carrying amount.

The amount of real estate inventories carried at the lower of cost and NRV is disclosed in Note 7.

Estimating the Useful Lives of Investment Properties and Property and Equipment. The useful lives of these assets (excluding land and CIP) are estimated based on the period over which the assets are expected to be available for use. The estimation of the useful lives is also based on a collective assessment of industry practices, internal technical valuation and experience with similar assets. The estimated useful lives are reviewed and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, or legal or other limitations on the use of the assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in these factors and circumstances.

There were no changes in the estimated useful lives of these assets in 2022 and 2021. The carrying amounts of investment properties and property and equipment are disclosed in Notes 9 and 10, respectively.

Estimating the Fair Value of Investment Properties. Investment properties are measured at cost but fair values are disclosed. The Company works closely with external qualified appraisers who performed the valuation using appropriate valuation techniques. The appraiser used a valuation technique based on comparable market data adjusted as necessary to reflect the specific assets' location and condition and, estimated expected future cash flows, yields, occupancy rates, discount rates, replacement costs and remaining economic life. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 9.

For the purpose of fair value disclosures, the Company has determined the nature, characteristics and risks of the investment properties and the level of the fair value hierarchy.

Details of investment properties are disclosed in Note 9.

Assessing the Impairment of Nonfinancial Assets. The Company assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Recoverable amount represents the greater of the fair value less cost to sell and the value in use.

No provision for impairment loss was recognized on nonfinancial assets (except investment properties). The carrying amounts of the Company's property and equipment, investments in subsidiaries, and other assets (excluding construction bond and refundable deposits) are disclosed in Notes 8, 10, 11 and 12.

Provision for losses on and carrying amount of investment properties are disclosed in Note 9.

Reversal of allowance for impairment losses of investments in subsidiaries is disclosed in Note 11.

Determining the Retirement Benefits Liability. The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 14 to the separate financial statements and include, among others, discount rates and salary increase rates.

The amount of retirement benefits costs recognized and the carrying amount of retirement benefits liability are disclosed in Note 14.

Assessing the Recognition of Deferred Tax Assets. The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized within the period allowed by the tax regulations. The Company's assessment on the recognition of deferred tax asset is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenue and expenses.

The amounts of recognized and unrecognized deferred tax assets are disclosed in Note 23.

4. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash in banks	**₱78,749,261**	₱42,186,366
Short-term placements	**427,000,000**	341,906,715
	₱505,749,261	₱384,093,081

Cash in banks earn interest at prevailing bank deposit rates.

Short-term placements are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company, and earn interest at prevailing short-term placement rates.

Interest income was derived from the following:

	Note	**2022**	2021	2020
Installment contracts receivable	6	**₱9,797,911**	₱9,809,777	₱7,835,099
Cash and cash equivalents	20	**8,775,362**	2,533,355	4,747,420
Loans receivable	6	**999,999**	118,056	4,545,976
		₱19,573,272	₱12,461,188	₱17,128,495

5. Investments in Quoted Shares

This account pertains to marketable equity shares that are listed and traded in the PSE and Singapore Stock Exchange. The fair value of the marketable equity securities amounted to ₱127.2 million and ₱176.5 million as at December 31, 2022 and 2021, respectively. The fair values were determined based on the closing bid prices at the reporting date (Level 1 hierarchy).

Unrealized gain (loss) on the changes in fair value on investments in quoted shares amounted to ₱5.3 million, ₱32.5 million and (₱5.1 million) in 2022, 2021 and 2020, respectively (see Note 20).

Sale of investments in quoted shares resulted in a realized loss of ₱12.1 million in 2022, and realized gain of ₱9.3 million and ₱6.8 million in 2021 and 2020, respectively (see Note 20).

Dividend income from these securities amounted to ₱7.9 million, ₱9.8 million and ₱6.9 million in 2022, 2021 and 2020, respectively (see Note 11).

6. **Receivables**

This account consists of:

	Note	**2022**	2021
Installment contracts receivable		**₱54,884,812**	₱45,025,747
Receivable from real estate buyers		**5,144,792**	1,449,687
Billed rental	22	**1,707,535**	1,707,535
Due from project developers		**270,326**	270,326
Loans receivable		**–**	20,000,000
Others		**8,558,178**	7,002,333
		70,565,643	75,455,628
Allowance for impairment losses		**(2,874,159)**	(3,153,988)
Total		**67,691,484**	72,301,640
Less noncurrent portion of installment contracts receivable		**44,338,092**	36,238,936
		₱23,353,392	₱36,062,704

Installment Contracts Receivable
Installment contracts receivable pertain to real estate sales. These are collectible in various installment periods of between two to 15 years and earn interest at 14% per annum.

Interest income earned from installment contracts receivable amounted to ₱9.8 million, ₱9.8 million and ₱7.8 million in 2022, 2021 and 2020, respectively (see Note 4).

Receivable from Real Estate Buyers
Receivable from real estate buyers includes processing fees paid by the Company that are necessary to transfer the title to the buyers which are chargeable to the buyers.

Due from Project Developers
Due from project developers relates to collections of installment receivables by the project developer which are not yet remitted to the Company.

Loans Receivable
The Company entered into an Omnibus Loan and Security Agreement (the "Agreement") granting loan facility to a third party (the "Borrower").

The loan is for a maximum term of six months and bears an interest rate of 10% per annum. It is secured by a surety of an individual and pledged shares (common shares listed in the PSE) approximating 200% of the loan amount. The Agreement stipulates that in the event that the market value of the pledged shares falls below 195% of the outstanding loan amount, the Borrower shall immediately pledge additional shares to reinstate the required collateral.

Movements in this account are as follows:

	2022	2021
Balance at beginning of year	**₱20,000,000**	₱25,000,000
Collections	**(20,000,000)**	(25,000,000)
Loans extended	**–**	20,000,000
Balance at end of year	**₱–**	₱20,000,000

Interest income earned from the loan amounted to ₱999,999, ₱118,056, and ₱4.5 million in 2022, 2021 and 2020, respectively (see Note 4).

Others
Others pertain to pass through expenses paid by the Company to be collected from the relevant third party.

Allowance for Impairment Losses
Details of allowance for impairment losses on receivables are as follows:

	Note	**2022**	2021
Balance at beginning of year		**₱3,153,988**	₱3,153,988
Write-off		**(167,540)**	–
Gain on recovery of receivables	20	**(112,289)**	–
Balance at end of year		**₱2,874,159**	₱3,153,988

7. **Real Estate Inventories**

Real estate inventories stated at cost consist of:

	2022	2021
Houses	**₱12,630,687**	₱18,172,893
Condominium units and parking slots	**20,030,807**	18,979,294
	₱32,661,494	₱37,152,187

Houses pertain to units in Palma Real Residential Estates with movements as follows:

	Note	**2022**	2021
Balance at beginning of year		**₱18,172,893**	₱24,457,029
Construction costs		**10,058,266**	8,818,539
		28,231,159	33,275,568
Cost of houses sold	18	**(15,600,472)**	(15,102,675)
Balance at end of year		**₱12,630,687**	₱18,172,893

Condominium units and parking slots pertain to units in Cypress Towers with movements as follows:

	Note	**2022**	2021
Balance at beginning and end of year		**₱18,979,294**	₱22,379,294
Reclassification from investment properties	9	**4,742,400**	–
Addition from cancellations		**816,000**	–
Cost of condominium units and parking slots sold	18	**(4,506,887)**	(3,400,000)
Balance at end of year		**₱20,030,807**	₱18,979,294

8. Other Current Assets

This account consists of:

	2022	2021
CWTs	**₱26,054,135**	₱21,202,392
Prepayments:		
Real property tax	**1,089,108**	1,103,384
Insurance	**1,076,225**	946,889
Others	**154,263**	121,413
Construction bond	**1,131,900**	1,131,900
Refundable deposits	**937,381**	937,381
Input VAT	**148,273**	5,194,188
Deferred input VAT	**196,050**	196,050
Others	**264,968**	1,014,900
	₱31,052,303	₱31,848,497

Others mainly pertain to advances to employees that are subject to liquidation.

9. Investment Properties

The composition of and movements in this account are as follows:

	2022			
	Land	**Building and Building Improvements**	**CIP**	**Total**
Cost				
Balance at beginning of year	**₱830,534,113**	**₱224,149,221**	**₱22,757,672**	**₱1,077,441,006**
Additions	**1,985,256**	**326,430**	**4,344,020**	**6,655,706**
Disposal	**(5,031,020)**	**–**	**–**	**(5,031,020)**
Reclassification	**–**	**(5,789,894)**	**–**	**(5,789,894)**
Balance at end of year	**827,488,349**	**218,685,757**	**27,101,692**	**1,073,275,798**
Accumulated Depreciation and Amortization				
Balance at beginning of year	**–**	**63,293,677**	**–**	**63,293,677**
Depreciation and amortization	**–**	**6,147,173**	**–**	**6,147,173**
Reclassification	**–**	**(1,047,494)**	**–**	**(1,047,494)**
Balance at end of year	**–**	**68,393,356**	**–**	**68,393,356**
Allowance for Losses	**25,460,606**	**–**	**–**	**25,460,606**
Carrying Amount	**₱802,027,743**	**₱150,292,401**	**₱27,101,692**	**₱979,421,836**

	2021			
	Land	Building and Building Improvements	CIP	Total
Cost				
Balance at beginning of year	₱830,534,113	₱219,753,221	₱4,732,143	₱1,055,019,477
Additions	–	4,396,000	18,025,529	22,421,529
Balance at end of year	830,534,113	224,149,221	22,757,672	1,077,441,006
Accumulated Depreciation and Amortization				
Balance at beginning of year	–	56,861,290	–	56,861,290
Depreciation and amortization	–	6,432,387	–	6,432,387
Balance at end of year	–	63,293,677	–	63,293,677
Allowance for Losses	25,460,606	–	–	25,460,606
Carrying Amount	₱805,073,507	₱160,855,544	₱22,757,672	₱988,686,723

The Company’s investment properties pertain to several parcels of land which are held for capital appreciation and are located in Taguig and Batangas. Investment properties also include building and building improvements located in Makati, which earn rental income.

In 2022, certain investment properties with aggregate carrying amount of ₱4.7 million were reclassified to real estate inventories (see Note 7).

In 2022, the Company sold a property in Batangas for ₱31.4 million resulting in a gain on sale amounting to ₱26.4 million (see Note 20).

CIP

CIP pertains to costs incurred for the construction of additional floor of the Company's building, which is expected to be completed in 2023. Estimated cost to complete the construction amounted to ₱2.8 million.

The retention payable under the “Accounts payable” account related to CIP amounted to ₱2.2 million as at December 31, 2022 and 2021. Retention fees payable will be paid when the related CIP is completed.

Fair Values

The Company’s investment properties have fair values aggregating ₱4,967.9 million and ₱3,322.0 million as at December 31, 2022 and 2021, respectively. The latest independent appraiser’s report is dated October 28, 2022.

The fair values of the investment properties are categorized into Level 2 fair value hierarchy for land and condominium units and Level 3 fair value hierarchy for building and building improvements.

Description of valuation techniques used and key inputs to valuation on investment properties are as follows:

Market Data Approach. Market data approach is used to estimate valuation of land and condominium units. It involves the comparison of the land and condominium units to those that are more or less located within the vicinity of the appraised properties and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

The key inputs to fair valuation are as follows:

- *Price per sqm* - estimated value prevailing in the real estate market depending on the location, area, shape and time element.

- *Zonal Valuation* - the approved zonal schedule of fair market values on real property used by the Bureau of Internal Revenue (BIR).

Depreciated Replacement Cost Method. Depreciated replacement cost method is used to estimate the building and building improvements by calculating the current replacement cost of the assets less deductions for physical deterioration and all relevant forms of obsolescence.

Sensitivity Analysis. Generally, significant increases (decreases) in useful life of assets would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in factors that contributed in the physical deterioration and all relevant forms of obsolescence in isolation would result in a significantly lower (higher) fair value measurement.

Allowance for Losses
The allowance for losses of ₱25.5 million as at December 31, 2022 and 2021 represents provision to cover losses on potential claims on certain parcels of land.

Amounts Recognized in Profit or Loss
Rental income amounted to ₱15.6 million, ₱14.7 million and ₱14.6 million in 2022, 2021 and 2020, respectively (see Note 17). The related direct costs incurred pertain to depreciation and amortization expense and real property taxes aggregating ₱9.4 million, ₱9.7 million and ₱9.5 million in 2022, 2021 and 2020, respectively.

Depreciation and amortization are recognized from the following:

	Note	**2022**	2021	2020
Investment properties		**₱6,147,173**	₱6,432,387	₱6,399,259
Property and equipment	10	**3,170,100**	2,380,472	3,310,549
		₱9,317,273	₱8,812,859	₱9,709,808

Depreciation and amortization on investment properties and property and equipment are recognized under “Direct costs” and “Selling and administrative expenses”, respectively.

10. **Property and Equipment**

The composition of and movements in this account are as follows:

		2022		
	Note	**Office Furniture, Fixtures and Equipment**	**Transportation and Other Equipment**	**Total**
Cost				
Balance at beginning of year		**₱8,940,025**	**₱41,699,111**	**₱50,639,136**
Additions		**554,494**	**6,866,964**	**7,421,458**
Balance at end of year		**9,494,519**	**48,566,075**	**58,060,594**
Accumulated Depreciation				
Balance at beginning of year		**8,594,881**	**37,056,681**	**45,651,562**
Depreciation	9	**288,874**	**2,881,226**	**3,170,100**
Balance at end of year		**8,883,755**	**39,937,907**	**48,821,662**
Carrying Amount		**₱610,764**	**₱8,628,168**	**₱9,238,932**

		2021		
	Note	Office Furniture, Fixtures and Equipment	Transportation & Other Equipment	Total
Cost				
Balance at beginning of year		₱8,702,911	₱38,957,504	₱47,660,415
Additions		237,114	2,741,607	2,978,721
Balance at end of year		8,940,025	41,699,111	50,639,136
Accumulated Depreciation				
Balance at beginning of year		8,269,313	35,001,777	43,271,090
Depreciation	9	325,568	2,054,904	2,380,472
Balance at end of year		8,594,881	37,056,681	45,651,562
Carrying Amount		₱345,144	₱4,642,430	₱4,987,574

Cost of fully depreciated assets still in use amounted to ₱43.3 million and ₱38.4 million as at December 31, 2022 and 2021, respectively.

11. **Investments in Subsidiaries**

Details of this account as at December 31, 2022 and 2021 are as follows:

	2022	2021
Cost		
Balance at beginning of year	**₱563,270,422**	₱538,270,422
Addition	**–**	25,000,000
Balance at end of year	**563,270,422**	563,270,422
Allowance for Impairment Losses		
Balance at beginning of year	**(212,063,980)**	(212,063,980)
Reversal of allowance for impairment losses	**212,063,980**	–
Balance at end of year	**–**	(212,063,980)
Carrying Amount	**₱563,270,422**	₱351,206,442

ACHC. ACHC was incorporated and registered with the SEC on August 28, 2019 and is engaged in investing activities. The Company subscribed to 10,000,000 shares of ACHC at ₱10.00 par value a share and paid ₱25.0 million. In 2021, the Company paid subscription payable amounted to ₱25.0 million. Total subscription paid amounted to ₱50.0 million as at December 31, 2021.

CCPC. CCPC was incorporated and registered with the SEC on September 3, 1996 and is engaged in acquiring, developing and selling real estate properties. CCPC has completed projects in Palma Real Residential Estates, located in Biñan, Laguna.

PLHI. PLHI was incorporated and registered with the SEC on April 11, 2001 and is engaged in acquiring, developing and selling real estate properties. As at December 31, 2022, PLHI only holds parcels of land for undeterminable future use.

HSAPI. HSAPI was incorporated and registered with the SEC on July 26, 1996 as an investment holding company. HSAPI owns 100% interest ownership in FMCMI.

FMCMI. FMCMI was incorporated and registered with the SEC on January 21, 1997 and is engaged in providing and delivering medical and health care services. FMCMI has two clinics located in Makati City and Sta. Rosa, Laguna.

The aggregate summarized financial information of the Company's subsidiaries are as follows:

	2022	2021	2020
Current assets	**₱293,145,467**	₱313,159,400	₱244,123,387
Noncurrent assets	**421,346,516**	422,466,875	432,224,236
Current liabilities	**149,305,045**	149,554,611	134,713,078
Noncurrent liabilities	**19,601,362**	22,754,856	26,743,039
Revenue	**139,917,684**	131,607,622	85,864,233
Net income	**41,252,780**	43,766,916	10,904,269
Total comprehensive income	**42,268,768**	49,481,289	10,405,614

In 2022, the management has assessed that the recoverable amount of the investments in subsidiaries is higher than its original cost resulting to the reversal of allowance for impairment losses of ₱212.1 million (see Note 20).

The recoverable amount pertains to the fair value less cost to sell of investments in subsidiaries as at December 31, 2022, which is based on the most recent valuation of the subsidiaries' investment properties made by an independent appraiser in October 2022. Valuations were derived on the basis of recent sales of comparable properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations are made and comparability of similar properties sold with the property being valued. The fair value of subsidiaries' investment properties was measured using Level 2 category.

Dividend income was derived from the following:

	Note	**2022**	2021	2020
Subsidiaries		**₱28,846,154**	₱12,500,000	₱–
Quoted shares	5	**7,917,103**	9,762,622	6,924,957
Unquoted shares	12	**–**	3,636,187	8,028,414
		₱36,763,257	₱25,898,809	₱14,953,371

12. **Other Noncurrent Assets**

This account consists of:

	Note	**2022**	2021
Investment in unquoted shares		**₱47,344,659**	₱47,344,659
Deposits for stock subscription	16	**2,866,376**	2,866,376
Deferred input VAT		**46,995**	243,045
Others		**1,216,434**	1,216,434
		51,474,464	51,670,514
Allowance for impairment loss		**(32,000,000)**	(32,000,000)
		₱19,474,464	₱19,670,514

<u>Investment in Unquoted Shares</u>
This account consists of the Company's investment in the unquoted shares of stock of Asian Alliance Holdings & Development Corp. The fair value amounting to ₱15.3 million as at December 31, 2022 and 2021, respectively, has been determined using the net asset method as valuation technique. The Company's investment represents only a minority interest in the investee company.

Movements in this account are as follows:

	2022	2021
Balance at beginning of year	**₱15,344,659**	₱47,344,659
Unrealized loss on fair value changes	**–**	(32,000,000)
Balance at end of year	**₱15,344,659**	₱15,344,659

Dividend income from investment in unquoted shares is disclosed in Note 11.

Management does not plan to sell or dispose of the shares within one year from the reporting date.

Sensitivity Analysis. Significant increase (decrease) in the net asset would result in a significantly higher (lower) fair value measurement.

13. Accounts and Other Payables

This account consists of:

	Note	2022	2021
Accounts payable		**₱40,875,164**	₱42,410,559
Accrued expenses		**14,578,950**	11,162,001
Contract liabilities		**11,307,616**	23,981,329
Payable to directors and officers	16	**8,936,037**	7,753,558
Deposits for document processing		**4,842,960**	5,076,598
Statutory payable		**3,614,864**	2,884,725
Others		**1,377,551**	786,021
		₱85,533,142	₱94,054,791

Accounts payable are normally noninterest-bearing and settled on 30 to 60-day credit term.

Accrued expenses consist mainly of utilities, communication, outsourced services and professional fees which are normally settled in the following month.

Contract liabilities represent advances from customers and nonrefundable reservation fees received from prospective buyers. The Company requires buyers to pay a minimum percentage of the total selling price before they enter into a sale transaction. Collections from buyers which have not reached the minimum required percentage are also treated as contract liabilities.

The amount of revenue recognized in 2022 and 2021 from contract liabilities as at December 31, 2021 and 2020 amounted to ₱11.9 million and ₱22.9 million, respectively.

Deposits for document processing represent collections for processing deed of sale and other documents necessary in transferring titles to real estate buyers.

Statutory payable includes amounts payable to government agencies such as BIR, SSS, PhilHealth and Pag-IBIG which are normally settled in the following month.

14. Retirement Benefits Liability

The Company values its defined benefit obligation using the projected unit credit method. This plan provides for a minimum benefit of one-half month of final salary per year of credited service. The benefit shall be payable to employees with at least five years of continuous service and attained age of:

- 60 years;
- 50 years with completion of at least 10 years of service; or
- More than 60, on a case-to-case and year-to-year extension basis.

The last actuarial valuation report obtained was for as at December 31, 2022.

Retirement benefits costs presented as part of "Salaries, wages and other benefits" account under "Selling and administrative expenses" in the separate statements of comprehensive income are as follows:

	2022	2021	2020
Past service cost due to plan amendment	**₱6,185,216**	₱–	₱–
Current service cost	**1,376,754**	1,695,872	1,414,904
Interest cost	**1,082,411**	526,984	583,994
Return on asset	**(102,887)**	(80,414)	–
	₱8,541,494	₱2,142,442	₱1,998,898

Net retirement benefits liability presented in the separate statements of financial position is as follows:

	2022	2021
Retirement benefits liability	**₱21,226,660**	₱13,592,307
Fair value of plan assets	**(2,203,546)**	(2,033,333)
	₱19,023,114	₱11,558,974

Movements in the present value of the retirement benefits liability are as follows:

	2022	2021
Balance at beginning of year	**₱13,592,307**	₱13,307,665
Past service cost due to plan amendment	**6,185,216**	–
Current service cost	**1,376,754**	1,695,872
Interest cost	**1,082,411**	526,984
Remeasurement gain	**(1,010,028)**	(1,938,214)
Balance at end of year	**₱21,226,660**	₱13,592,307

The fair value of plan assets as at December 31, 2022 is as follows:

	2022	2021
Balance at beginning of year	**₱2,033,333**	₱2,030,651
Return on asset	**102,887**	80,414
Remeasurement gain (loss)	**67,326**	(77,732)
Balance at end of year	**₱2,203,546**	₱2,033,333

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2022	2021
Discount rate	**7.18%**	5.06%
Expected rate of salary increases	**5.00%**	4.00%

Maturity analysis of the undiscounted benefit payments:

	2022	2021
Less than five years	**₱23,283,353**	₱5,934,565
Five years but less than 10 years	**1,435,291**	9,522,536
More than 10 years	**70,693,824**	54,934,830

The average duration of the retirement benefits liability as at December 31, 2022 and 2021 is 18 and 19 years, respectively.

Sensitivity Analysis
The sensitivity analysis on retirement benefits liability based on reasonably possible changes of the assumptions is as follows:

	Change in assumption	**2022**	2021
Expected salary growth rate	1%	**₱301,296**	₱370,803
	-1%	**(243,647)**	(293,773)
Discount rate	0.5%	**(127,279)**	(155,430)
	-0.5%	**142,839**	176,399

Remeasurement Gain
The cumulative remeasurement gain on retirement benefits liability recognized in equity are as follows:

	Accumulated Remeasurement Gain	Deferred Tax (see Note 23)	Net
Balance as at December 31, 2019	₱2,820,425	₱846,127	₱1,974,298
Remeasurement loss	(49,240)	(14,772)	(34,468)
Balance as at December 31, 2020	2,771,185	831,355	1,939,830
Remeasurement gain	1,860,482	465,120	1,395,362
Change in tax rate	–	(138,560)	138,560
Balance as at December 31, 2021	**4,631,667**	**1,157,915**	**3,473,752**
Remeasurement gain	**1,077,354**	**269,339**	**808,015**
Balance as at December 31, 2022	**₱5,709,021**	**₱1,427,254**	**₱4,281,767**

15. **Equity**

Capital Stock
Details of the Company's capital stock with ₱0.10 par value as at December 31, 2022 and 2021 are as follows:

	2022		2021	
	Shares	**Amount**	Shares	Amount
Authorized				
Common shares	**24,000,000,000**	**₱2,400,000,000**	24,000,000,000	₱2,400,000,000
Issued and Outstanding				
Balance at beginning and end of year	**19,775,232,460**	**₱1,977,523,246**	19,775,232,460	₱1,977,523,246
Treasury stock - at cost	**(4,815,232,510)**	**(481,523,251)**	(4,815,232,510)	(481,523,251)
	14,959,999,950	**₱1,495,999,995**	14,959,999,950	₱1,495,999,995

APIC amounted to ₱118.6 million as at December 31, 2022 and 2021.

The Company has 365 shareholders as at December 31, 2022 and 2021.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit standing and stable capital ratios in order to support its business and maximize shareholder value. The Company maintains its current capital structure and will make adjustments, if necessary, in order to generate a reasonable level of returns to stockholders over the long term. No changes were made in the objectives, policies or processes during the year.

The Company considers the equity presented in the separate statements of financial position as its core capital.

The Company monitors capital using debt to equity ratio, which is total debt divided by total equity. The debt-to-equity ratio as at December 31, 2022 and 2021, are as follows:

	2022	2021
Debt	**₱114,944,450**	₱111,443,460
Equity	**2,307,718,416**	2,038,783,402
Debt-to-Equity Ratio	**0.05:1**	0.05:1

Debt is composed of all liabilities while equity includes capital stock, additional paid-in capital, retained earnings and other comprehensive income, less treasury stock.

Pursuant to the PSE's rules on minimum public ownership, at least 10% of the issued and outstanding shares of a listed company must be owned and held by the public. The public ownership is about 19.2% and 24.7% as at December 31, 2022 and 2021, respectively.

The Company reviews its capital structure on an annual basis. As part of this review, the Company considers the cost of capital and the risks associated with it.

16. Related Party Transactions

The following table summarizes the Company's transactions with its related parties and outstanding balances as at and for the years ended December 31, 2022 and 2021:

			Amount of Transactions		Outstanding Balances	
	Note	Nature of Transactions	**2022**	2021	**2022**	2021
Related Party						
Due from Subsidiaries		Collections	**₱–**	(₱3,893,033)	**₱72,540,431**	₱72,540,431
Deposits for Stock Subscription						
PLHI	12	Deposits	**₱–**	₱–	**₱2,866,376**	₱2,866,376
Accounts and Other Payables	13					
Directors and officers	19	Directors and officers profit sharing remuneration	**₱8,938,479**	₱4,823,256		
		Payments	**(7,756,000)**	(4,385,000)	**₱8,936,037**	₱7,753,558

Terms and Conditions of Transactions with Related Parties

The outstanding balances are unsecured, noninterest-bearing, collectible or payable upon demand and settled in cash.

The directors and officers are entitled to receive profit sharing based on the performance by the Company.

Deposits for Stock Subscription

Deposits for stock subscription are to be capitalized into investment in subsidiaries once shares are issued and received from PLHI.

Compensation of Key Management Personnel

Compensation of key management personnel, consisting of short-term and long-term salaries and government mandated benefits, amounted to ₱9.7 million, ₱8.7 million and ₱6.6 million in 2022, 2021, and 2020, respectively.

17. Revenue

This account consists of:

		2022			
	Note	**Investing Activities**	**Real Estate Activities**	**Services**	**Total**
Recognized at a point in time:					
Real estate sales		**₱–**	**₱52,025,970**	**₱–**	**₱52,025,970**
Dividend income	11	**36,763,257**	**–**	**–**	**36,763,257**
Management fees	22	**–**	**–**	**7,200,000**	**7,200,000**
Recognized over time -					
Interest income	4	**9,797,911**	**–**	**–**	**9,797,911**
Rental income	22	**15,647,904**	**–**	**–**	**15,647,904**
		₱62,209,072	**₱52,025,970**	**₱7,200,000**	**₱121,435,042**

		2021			
	Note	Investing Activities	Real Estate Activities	Services	Total
Recognized at a point in time:					
Real estate sales		₱–	₱42,439,965	₱–	₱42,439,965
Dividend income	11	25,898,809	–	–	25,898,809
Management fees	22	–	–	7,200,000	7,200,000
Recognized over time -					
Interest income	4	9,809,777	–	–	9,809,777
Rental income	22	14,741,314	–	–	14,741,314
		₱50,449,900	₱42,439,965	₱7,200,000	₱100,089,865

		2020			
	Note	Investing Activities	Real Estate Activities	Services	Total
Recognized at a point in time:					
Real estate sales		₱–	₱51,637,711	₱–	₱51,637,711
Dividend income	11	14,953,371	–	–	14,953,371
Management fees	22	–	–	6,700,000	6,700,000
Recognized over time -					
Interest income	4	7,835,099	–	–	7,835,099
Rental income	22	14,634,368	–	–	14,634,368
		₱37,422,838	₱51,637,711	₱6,700,000	₱95,760,549

The Company's contract with customers does not provide for right of return assets and refund liabilities.

18. Cost of Real Estate Sold

This account consists of:

	Note	**2022**	2021	2020
Houses	7	**₱15,600,472**	₱15,102,675	₱24,155,268
Condominium units and parking slots	7	**4,506,887**	3,400,000	1,528,000
		₱20,107,359	₱18,502,675	₱25,683,268

19. Selling and Administrative Expenses

This account consists of:

	Note	**2022**	2021	2020
Salaries, wages and other benefits		**₱23,842,953**	₱16,589,443	₱13,931,675
Directors and officers profit sharing remuneration	16	**8,938,479**	4,823,256	4,388,777
Outside services		**7,398,604**	5,547,387	5,173,309
Meetings and seminars		**4,126,661**	3,331,977	3,290,537
Depreciation and amortization	9	**3,170,100**	2,380,472	3,310,549
Commissions	22	**2,316,292**	2,233,013	2,099,273
Professional fees		**2,959,418**	1,868,517	1,425,104
Transportation and travel		**2,618,432**	1,164,356	1,651,109
Supplies		**2,455,885**	2,220,062	815,728
Director's fees		**1,788,889**	1,633,333	1,188,889
Utilities		**1,680,621**	1,629,869	1,397,921
Insurance		**1,414,624**	1,608,888	1,148,780
Repairs and maintenance		**1,352,026**	1,523,206	649,272
Taxes and licenses		**725,899**	1,199,241	533,612
Committee meetings		**500,000**	625,000	590,000
Listing fees		**250,000**	253,000	292,248
Provision for ECL	6	**–**	–	371,884
Others		**5,038,981**	4,011,207	5,551,559
		₱70,577,864	₱52,642,227	₱47,810,226

Others pertain mainly to unrecoverable input VAT and association dues.

20. Other Income (Charges)

This account consists of:

	Note	2022	2021	2020
Gain on reversal of allowance for impairment losses on:				
Investment in subsidiaries		**₱212,063,980**	₱–	₱–
Receivables	6	**112,289**	–	–
Gain (loss) on:				
Sale of investment properties	9	**26,401,480**	–	–
Sale of investments in quoted shares	5	**(12,112,261)**	9,325,360	6,849,985
Contract cancellations and forfeitures		**(1,396,098)**	505,833	50,000
Interest income on:	4			
Cash in banks and short-term placements		**8,775,362**	2,533,355	4,747,420
Loan receivable		**999,999**	118,056	4,545,976
Unrealized gain (loss) on changes in:				
Fair value of investments in quoted shares	5	**5,307,031**	32,450,740	(5,133,490)
Foreign exchange rates		**5,172,968**	585,074	(637,326)
Surcharge income		**1,366,123**	482,566	180,827
Others		**1,635,925**	1,034,710	1,794,012
		₱248,326,798	₱47,035,694	₱12,397,404

Other income pertains to association dues and maintenance fees which are individually insignificant.

21. Earnings Per Share (EPS)

The calculation of the basic and diluted EPS is based on the following data:

	2022	2021	2020
Net income for the year	**₱268,126,999**	₱63,385,064	₱25,004,077
Weighted average number of ordinary shares outstanding	**14,959,999,950**	14,959,999,950	14,959,999,950
	₱0.01792	₱0.00424	₱0.00167

The weighted average number of shares refers to shares in circulation during the period that is after the effect of treasury stock.

As at December 31, 2022 and 2021, the Company has no dilutive or potential dilutive share.

22. **Significant Agreements**

Operating Lease Agreements

The Company leased out certain commercial spaces of its building to several parties under various cancellable and noncancellable operating lease agreements for periods between one to 10 years. All leases include an annual escalation clause based on rental rates.

Security deposits amounting to ₱4.1 million and ₱3.8 million as at December 31, 2022 and 2021, respectively, are noninterest-bearing and will be refunded at the end of the lease term.

Rental income recognized amounted to ₱15.6 million, ₱14.7 million, and ₱14.6 million in 2022, 2021 and 2020 respectively, (see Note 17). Billed rental receivable amounted to ₱1.7 million as at December 31, 2022 and 2021 (see Note 6).

Future minimum lease receivables to be collected based on existing contracts are as follows:

	2022	2021
Not later than one year	**₱9,590,207**	₱8,876,938
Later than one year but not later than five years	**22,865,953**	29,787,380
Beyond five years	**22,440,571**	22,440,571
	₱54,896,731	₱61,104,889

Joint Operation Arrangement with DMCI

In 2005, the Company and Fort Bonifacio Medical Center, Inc. (FBMCI) entered into a Memorandum of Agreement (the "Agreement") with DMCI for the development and construction of three condominium buildings to be called the Cypress Towers.

The Agreement has the following significant provisions, among others:

(a) The Company and FBMCI shall contribute the land;

(b) DMCI shall be responsible for the development, construction and sale of condominium units; and

(c) The Company and FBMCI's share in the project is equivalent to 15.6% of the total condominium units and parking slots.

The development and construction of the condominium buildings were completed and started selling in 2008. Sales of condominium units and parking slots amounted to ₱17.0 million, ₱12.2 million and ₱6.0 million in 2022, 2021 and 2020, respectively. Cost of condominium units and parking slots sold is disclosed in Note 7.

As at December 31, 2022 and 2021, there were no contingent liabilities and commitments with respect to the joint venture agreements.

Marketing Agreement

Marketing of the projects is handled by several brokers and agents at various commission rates based on the selling price.

The Company incurred commission expense amounting to ₱2.3 million, ₱2.2 million and ₱2.1 million in 2022, 2021 and 2020 respectively (see Note 19).

Management Services Agreement

The Company entered into management services agreement with a subsidiary to cover the cost of backroom personnel and the related overhead. Under the terms, the Company shall bill the subsidiary for the services rendered. Management fees amounted to ₱7.2 million, ₱7.2 million and ₱6.7 million in 2022, 2021 and 2020, respectively (see Note 17).

23. Income Taxes

Current Tax

The Company's current income tax expense represents MCIT in 2022, 2021 and 2020.

Deferred Tax

The components of the Company's deferred tax assets and liability are as follows:

	2022	2021
Deferred Tax Assets		
Allowance for losses on:		
Investment properties	**₱6,365,152**	₱6,365,152
Receivables	**718,540**	788,497
Retirement benefits liability	**4,755,779**	2,889,745
Payable to directors and officers	**2,234,620**	1,205,814
Others	**336,079**	–
	₱14,410,170	₱11,249,208
Deferred Tax Liabilities		
Unrealized gross profit	**₱4,992,559**	₱1,875,257
Unrealized foreign exchange gain	**1,293,242**	146,269
	₱6,285,801	₱2,021,526

Details of unrecognized deferred taxes are as follows:

	2022	2021
MCIT	**₱1,384,006**	₱2,345,990
NOLCO	**–**	1,384,774
	₱1,384,006	₱3,730,764

The details of the Company's NOLCO and MCIT, which can be claimed as deduction from future taxable income and as tax credit against future income tax due, are as follows:

NOLCO

Year	Beginning	Applied	Expired	Balance	Expiry Date
2021	₱3,488,726	(₱3,488,726)	₱–	₱–	2026
2019	₱2,050,368	(2,050,368)	–	–	2022
	₱5,539,094	(₱5,539,094)	₱–	₱–	

MCIT

Year	Beginning	Incurred	Expired	Balance	Expiry Date
2022	₱–	₱209,466	₱–	₱209,466	2025
2021	446,319	–	–	446,319	2024
2020	728,221	–	–	728,221	2023
2019	1,171,450	–	(1,171,450)	–	2022
	₱2,345,990	₱209,466	(₱1,171,450)	₱1,384,006	

The presentation of provision for (benefits from) deferred income tax are as follows:

	2022	2021	2020
Through profit or loss	**₱833,974**	₱2,732,077	(788,787)
Through other comprehensive income	**269,339**	326,560	(14,772)
	₱1,103,313	3,058,637	(803,559)

The reconciliation between the provision for income tax based on statutory tax rate and the effective income tax rate on income before income tax is as follows:

	2022	2021	2020
Provision for income tax computed at statutory tax rate	**₱67,428,073**	₱16,580,180	₱7,555,876
Tax effects of:			
Reversal of allowance for impairment loss on investment in subsidiaries	**(53,015,995)**	–	–
Income subject to a final tax and exempt from income tax	**(11,824,794)**	(17,552,066)	(6,425,186)
Nondeductible expenses	**734,927**	645,504	858,250
Nontaxable income	**(561,611)**	–	–
Expired NOLCO	**–**	13,807,783	5,496,440
Expired MCIT	**1,171,450**	1,090,354	1,132,723
Changes in unrecognized deferred tax assets	**(2,346,758)**	(16,686,453)	(8,435,927)
Change in tax rate	**–**	5,050,353	–
Provision for income tax computed at effective tax rate	**₱1,585,292**	₱2,935,655	182,176

On March 26, 2021, RA No. 11534 or the “Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) Act” (the “Act”) was signed into law by the President of the Philippines. Under the Act, domestic corporations will be subject to 25% or 20% RCIT depending on the amount of total assets and total amount of taxable income. In addition, MCIT shall be computed at 1% of gross income for a period of three years. The changes in the income tax rates retrospectively became effective beginning July 1, 2020.

The effect of the reduction in tax rates was recognized as part of the 2021 income tax expense, as required by PAS 12, *Income Tax*es. Details of adjustments are as follows:

	Current	Deferred	Total
Income tax expense	₱446,319	₱545,799	₱992,118
Effect of change in tax rate	(242,741)	2,186,278	1,943,537
Adjusted current income tax expense	₱203,578	₱2,732,077	₱2,935,655

The effect of change in tax rate for the unrecognized deferred tax assets amounted to ₱3.1 million.

24. **Financial Instruments Risk Management Policies and Objectives**

The Company's financial assets comprise of cash and cash equivalents, receivables, due from subsidiaries, refundable deposits and construction bond (presented under "Other current assets" account in the separate statements of financial position) and investments in quoted and unquoted shares. The Company's financial liabilities comprise of accounts and other payables (excluding contract liabilities, deposits for document processing and statutory payable), security deposits. The main purpose of these financial instruments is to finance the Company's operations.

The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The Company's BOD and management review and approve the policies for managing each of the risks summarized below.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to market risk specifically to foreign currency risk and equity price risk. Financial instruments affected by market risk include cash and cash equivalents, loans payable and equity investments.

The sensitivity analyses in the following sections relate to the financial position as at December 31, 2022 and 2021.

The sensitivity of the relevant items in the separate statements of comprehensive income is the effect of the assumed changes in respective market risks. This is based on the financial assets and liabilities held as at December 31, 2022 and 2021.

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company has transactional currency exposures arising from purchase and construction contract transactions denominated in currencies other than the functional currency. The Company does not enter into forward contracts to hedge currency exposures. To mitigate the Company's exposure to foreign currency risk, foreign currency cash flows and fluctuations in the foreign exchange rates are monitored.

The carrying amounts of the Company's foreign currency denominated monetary assets are as follows:

	2022		2021	
	Philippine Peso	**Foreign Currency**	Philippine Peso	Foreign Currency
Cash in banks	**₱70,825,209**	**US$1,262,032**	₱33,909,057	US$667,896
Investments in quoted shares	**92,728,378**	**SG$2,230,923**	80,016,174	SG$2,130,923

For purposes of translating the outstanding balance of the Company's foreign currency-denominated monetary assets, the exchange rates applied were ₱56.12 per US$1 and ₱41.58 per SG$1 as at December 31, 2022 and ₱50.77 per US$1 and ₱37.55 per SG$1 as at December 31, 2021.

Foreign Currency Sensitivity Analysis. The sensitivity analysis includes all of the Company's foreign currency denominated monetary assets. A positive number indicates an increase in income before tax when the U.S. Dollar (USD) and the Singapore Dollar (SGD) strengthen by 4% and 1%, respectively, against the relevant currency. For a 4% and 1% weakening of the USD and the SGD, respectively, against the Peso, there would be an equal and opposite impact on the income before tax.

The following table demonstrates the sensitivity to a 4% and 1% change in USD and SGD exchange rates, respectively, with all other variables held constant:

	Effect on Income Before Tax	
	2022	2021
Cash in banks	**₱2,833,008**	₱2,034,543
Investments in quoted shares	**927,284**	7,201,456
	₱3,760,292	₱9,235,999

Equity Price Risk. Equity price risk exposure relates to fluctuation in fair values as a result of changes in market prices of investments in quoted shares arising from factors affecting all shares of stocks traded in the market. The Company's market risk policy requires it to manage such risk by setting and monitoring objectives and constraints on investments.

The following table demonstrates the sensitivity to a reasonably possible change in the stock price of shares, with all other variables held constant, of the Company's unrealized gain and loss on investments in quoted shares:

	Listed Domestic Shares		Listed Foreign Shares	
	Change in Stock Price	Effect on Income Before Tax	Change in Stock Price	Effect on Income Before Tax
December 31, 2022	**8%**	**₱5,758,955**	**9%**	**₱6,676,443**
	-8%	**(5,758,955)**	**-9%**	**(6,676,443)**
December 31, 2021	3%	1,152,677	10%	3,485,864
	-3%	(1,152,677)	-10%	(3,485,864)

<u>Credit Risk</u>

Credit risk is the risk when a counterparty fails to fulfill its obligations to the Company. Counterparties such as banks and customers who pay on or before due date have minimum risk exposure because default in settling its obligations is remote. The Company deals only with reputable banks and customers to limit this risk.

The table below shows the gross maximum exposure of the Company to credit risk before taking into consideration collateral and other credit enhancements:

	2022	2021
Cash and cash equivalents	**₱505,749,261**	₱384,093,081
Receivables	**70,565,643**	75,806,197
Due from subsidiaries	**72,540,431**	72,540,431
Refundable lease deposit	**937,381**	937,381
Construction bond	**1,131,900**	1,131,900
	₱650,924,616	₱534,158,421

Maximum Exposure to Credit Risk after Credit Enhancements

Maximum exposure to credit risk of financial assets is equivalent to their carrying values except for installment contracts receivable and loans receivable. The table below shows the maximum exposures to credit risk of the Company for installment contracts receivable and loans receivable, after considering the effects of credit enhancements:

December 31, 2022 Credit risk exposure relating to balance sheet assets	**Carrying Amount**	**Fair Value of Collateral or Credit Enhancement**	**Maximum Exposure to Credit Risk**	**Financial Effect of Collateral or Credit Enhancement**
Installment contracts receivable	**₱54,884,812**	**₱75,210,339**	**₱–**	**₱75,210,339**

December 31, 2021 Credit risk exposure relating to balance sheet assets	Carrying Amount	Fair Value of Collateral or Credit Enhancement	Maximum Exposure to Credit Risk	Financial Effect of Collateral or Credit Enhancement
Installment contracts receivable	₱45,025,747	₱69,570,339	₱–	₱69,570,339
Loans receivable	20,000,000	46,500,000	–	46,500,000
	₱65,025,747	₱116,070,339	₱–	₱116,070,339

Credit Enhancements. For installment contracts receivable, title to condominium units and houses is not transferred to the buyer until full payment has been made.

The loans receivable are secured by a pledge over a number of common shares listed in the PSE worth approximately 200% of the loan amount and by a surety of an individual (see Note 6).

Risk Management. Credit risk is managed on a group basis. The Company deals only with reputable banks and customer to limit this risk. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The compliance with credit limits by customers is regularly monitored by management.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

As at December 31, 2022 and 2021, the amount of cash and cash equivalents, refundable deposits and construction bond are neither past due nor impaired and were classified as *"High Grade*"; due from subsidiaries and receivables (excluding impaired) were classified as "*Standard Grade"*; and impaired receivables were classified as *"Substandard Grade"*. The credit quality of such financial assets at amortized cost is managed by the Company using the internal credit quality ratings as follows:

- *High Grade.* Pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions and companies. Credit quality was determined based on the credit standing of the counterparty.

- *Standard Grade.* Pertains to counterparty with performance rating ranging from satisfactory to acceptable and repayment capacity has to be monitored. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

- *Substandard Grade.* Substandard grade financial assets are those which are considered worthless. These are accounts which have the probability of impairment based on historical trend.

Impairment of Trade Receivables (excluding Installment Contracts Receivable). An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rates are based on days past due for groupings of customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Impairment of Installment Contracts Receivable and Other Financial Assets at Amortized Cost. It is the Company's policy to measure ECL on the above 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 Company limits its exposure to credit risk by investing its cash and cash equivalents only with banks that have good credit standing and reputation in the local and international banking industry.

For installment contracts receivable, loans receivable, dividend receivable, due from project developer, due from subsidiaries, refundable deposits, construction bond, and other receivables, credit risk is low since the Company only transacted with reputable companies with respect to these financial assets or the financial assets have credit enhancements.

Using the ECL allowance, the credit risk exposure on the Company's impairment of receivables amounted to ₱2.9 million and ₱3.2 million in 2022 and 2021, respectively (see Note 6).

Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments. It may result from either the inability to sell assets quickly at fair values or failure to collect from counterparty.

The Company's objective is to maintain a balance between continuity of funding and flexibility through related party advances and aims to manage liquidity as follows:

a. To ensure that adequate funding is available at all times;
b. To meet commitments as they arise without recurring unnecessary costs; and
c. To be able to assess funding when needed at the least possible cost.

The tables below summarize the maturity profile of the Company's financial liabilities based on undiscounted cash flows:

	2022					
	Payable on Demand	**30 Days**	**60 Days**	**90 Days**	**120 Days and More**	**Total**
Accounts payable and other liabilities*	**₱8,936,037**	**₱15,956,501**	**₱40,875,164**	**₱–**	**₱–**	**₱65,767,702**
Security deposits	**–**	**–**	**–**	**–**	**4,102,393**	**4,102,393**
	₱8,936,037	**₱15,956,501**	**₱41,021,726**	**₱–**	**₱4,102,393**	**₱69,870,095**

**Excluding contract liabilities, deposits for document processing and statutory payable as at December 31, 2022.*

	2021					
	Payable on Demand	30 Days	60 Days	90 Days	120 Days and More	Total
Accounts payable and other liabilities*	₱7,753,558	₱11,948,022	₱42,410,559	₱–	₱–	₱62,112,139
Security deposits	–	–	–	–	3,808,169	3,808,169
	₱7,908,338	₱11,948,022	₱42,255,779	₱–	₱3,808,169	₱65,920,308

**Excluding contract liabilities, deposits for document processing and statutory payable as at December 31, 2021.*

25. Fair Value of Financial Assets and Liabilities

The table below presents the carrying amounts and fair values of the Company's financial assets and financial liabilities.

	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash and cash equivalents	**₱505,749,261**	**₱505,749,261**	₱384,093,081	₱384,093,081
Receivables	**67,691,484**	**67,691,484**	72,301,640	72,301,640
Due from subsidiaries	**72,540,431**	**72,540,431**	72,540,431	72,540,431
Refundable deposits and construction bond*	**2,069,281**	**2,069,281**	2,069,281	2,069,281
At FVPL -				
Investments in quoted shares	**127,152,069**	**127,152,069**	176,490,565	176,490,565
At FVOCI -				
Investments in unquoted shares	**15,344,659**	**15,344,659**	15,344,659	15,344,659
	₱790,547,185	**₱790,547,185**	₱722,839,657	₱722,839,657

	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities				
At amortized cost:				
Accounts and other payables**	**₱65,767,702**	**₱65,767,702**	₱62,112,139	₱62,112,139
Security deposits	**4,102,393**	**4,102,393**	3,808,169	3,808,169
	₱69,870,095	**₱69,870,095**	₱65,920,308	₱65,920,308

**Included under "Other current assets" account.*
***Excluding contract liabilities, deposits for document processing and statutory payable.*

The Company has determined that the carrying amounts of cash and cash equivalents, receivables, due from subsidiaries, accounts and other payables (excluding contract liabilities, deposits for document processing and statutory payable) reasonably approximate their fair values because these are mostly short term in nature.

The fair values of installment contract receivables approximate its carrying amount as its interest rate approximates the market rate for a similar instrument.

The fair value of refundable deposits, construction bond and security deposit approximates its carrying amount. The management believes that the effect of discounting the future receipts/payments from these financial instruments using the prevailing market rates is not significant.

The fair values of investments in quoted shares are based on quoted price in active market (Level 1 hierarchy).

The fair value of investments in unquoted shares are determined using the net asset method (Level 3 hierarchy).

The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. There were no transfers to other levels in 2022 and 2021.

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
CROWN EQUITIES, INC.
5th Floor Crown Center
158 Jupiter cor. N. Garcia Sts.
Bel-Air, Makati City

We have audited the accompanying separate financial statements of CROWN EQUITIES, INC. (the "Company") as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, on which we have rendered our report dated March 28, 2023.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has three hundred fifty-four (354) stockholders owning one hundred (100) or more shares each as at December 31, 2022 and 2021.

REYES TACANDONG & CO.

WILSON P. TEO
Partner
CPA Certificate No. 92765
Tax Identification No. 191-520-944-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 92765-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-014-2023
Valid until January 24, 2026
PTR No. 9564567
Issued January 3, 2023, Makati City

March 28, 2023
Makati City, Metro Manila

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782 SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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8741 Paseo de Roxas
Makati City 1226 Philippines
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Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

The Stockholders and the Board of Directors
CROWN EQUITIES, INC.
5th Floor Crown Center
158 Jupiter cor. N. Garcia Sts.
Bel-Air Makati City

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of CROWN EQUITIES, INC. (the "Company") as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 and have issued our report thereon dated March 28, 2023. Our audits were made for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The accompanying Supplementary Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic separate financial statements. The information in this schedule has been subjected to the auditing procedures applied in our audits of the basic separate financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

REYES TACANDONG & CO.

WILSON P. TEO
Partner
CPA Certificate No. 92765
Tax Identification No. 191-520-944-000
BOA Accreditation No. 4782; Valid until April 13, 2024
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PTR No. 9564567
Issued January 3, 2023, Makati City

March 28, 2023
Makati City, Metro Manila

CROWN EQUITIES, INC.

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2022

Retained earnings, as adjusted to available for dividend declaration, at beginning of year as shown in the separate financial statements	(₱66,486,717)
Net income during the year closed to retained earnings	268,126,999
Add (less):	
Reversal on impairment loss on investment in subsidiaries	(212,063,980)
Unrealized gain on changes in fair value of investments in quoted shares	(5,307,031)
Movement in deferred tax recognized in profit or loss	2,160,732
Total retained earnings available for dividend declaration at end of year	(₱13,569,997)

Reconciliation:	
Retained earnings at end of year as shown in the separate financial statements	₱720,866,380
Less:	
Treasury stock	(481,523,251)
Reversal on impairment loss on investment in subsidiaries	(212,063,980)
Cumulative unrealized gain on changes in fair value of investments in quoted shares	(32,624,280)
Deferred tax assets as at end of year, excluding amount recognized in other comprehensive income	(15,837,425)
Deferred tax liability as at end of year	7,612,559
Total retained earnings available for dividend declaration at end of year	(₱13,569,997)

ANNEX B

2022 ANNUAL SUSTAINABILITY REPORT

CROWN EQUITIES, INC.

An annex to SEC Form 17-A in compliance with SEC Requirement for Publicly Listed Companies

CONTENTS

GENERAL INFORMATION

Contextual Information

Company Details	
Name of Organization	Crown Equities, Inc.
Location of Headquarters	Crown Center 158 Jupiter Corner N. Garcia Street, Makati City
Location of Operations	Makati City and Sta. Rosa, Laguna
Report Boundary: *Legal Entities (e.g. Subsidiaries) included in this Report*	This report covers the holding company, Crown Equities, Inc., as well as the following subsidiaries: › FortMED Medical Clinics Makati, Inc. › Crown Central Properties Corporation
Business Model, including Primary Activities, Brands, Products, and Services	Residential Property Development, Ambulatory Services, Clinic Management, Laboratory & Diagnostic Services, Home Medical Services, Executive Check – Up, and Corporate Onsite Medical Services
Reporting Period	FY 2022
Contact Person for this Report	Eugene B. Macalalag First Vice President

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.*

**See GRI 102 - 46 (2016) for more guidance.*

In preparing its Sustainability Report, the Organization made reference to the Global Reporting Initiative (GRI) Standards, as well as the Securities and Exchange Commission (SEC) Memorandum Circular No. 4, Series of 2019.

The Organization adopted the subsequent approach to identify material topics:

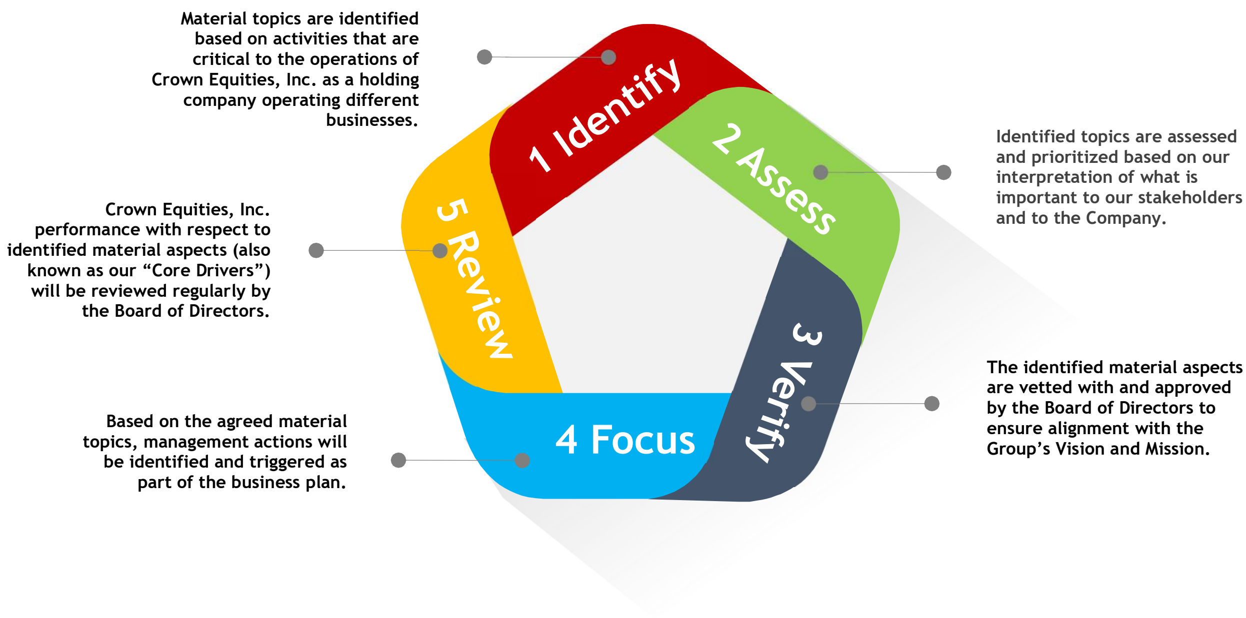

Figure 1 Materiality Assessment Approach

The organization has identified and prioritized the following Core Drivers for the Company and its Stakeholders as duly reflected in its Sustainability Framework based on the Materiality Assessment:

Figure 2 Sustainability Framework

Investment Management	Direct Economic Value Generated Direct Economic Value Distributed
Good Governance	Anti - Corruption (2) Labor - Management Relations
Risk Management	Occupational Health & Safety Customer Privacy Data Security
Responsible Business	Solid & Hazardous Waste Effluents Environmental Compliance Diversity, Equal Opportunity, & Anti - Discrimination
Customer Experience	Customer Satisfaction Customer Health & Safety
Employee Welfare	Employee Hiring & Benefits Employee Training & Development Labor Standards & Human Rights

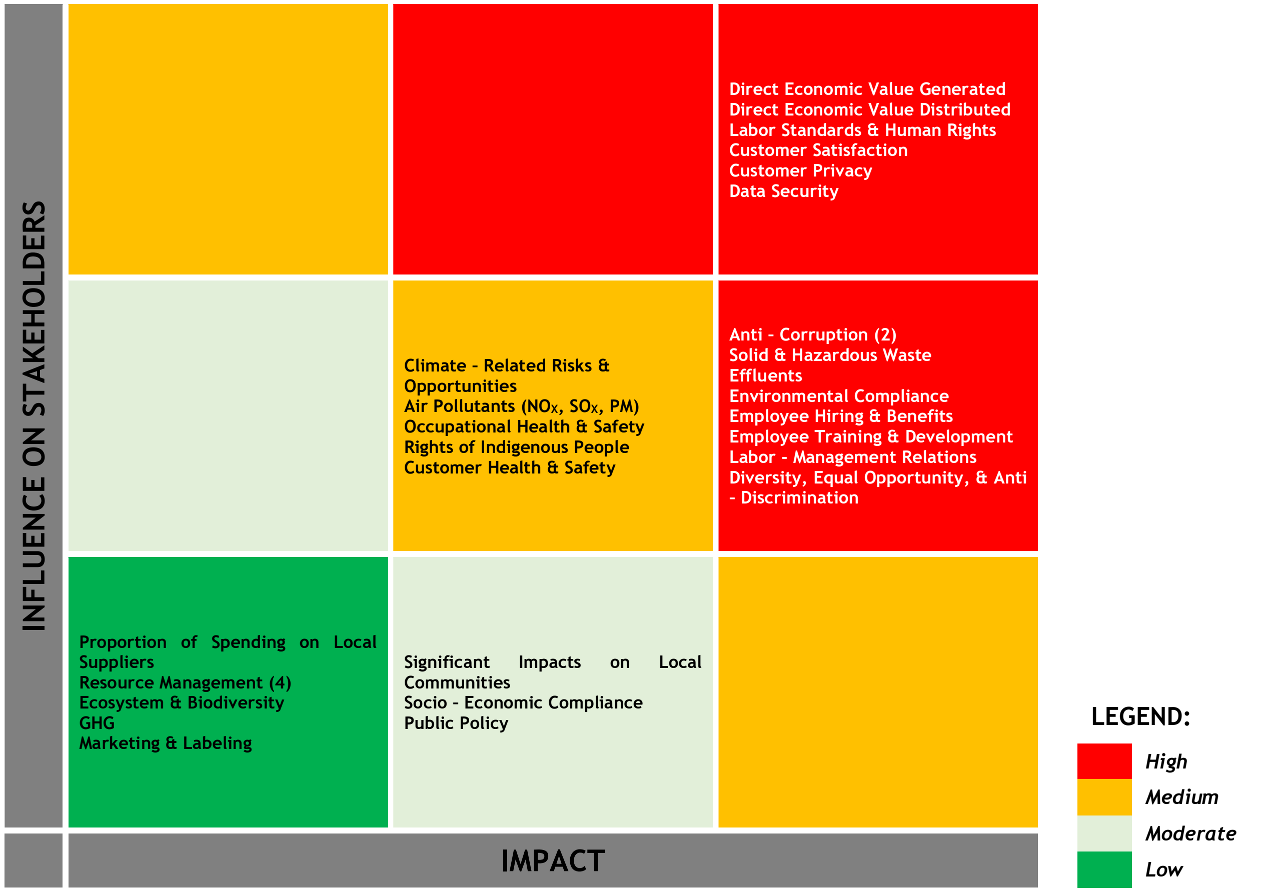

Figure 3 Materiality Assessment Matrix

Data for some disclosure topics in this report are from specific subsidiary(ies) of the Organization and not all Companies within the Group. This is reflective of its materiality and relevance to the operation of the Organization and the maturity of data collection systems that are currently in place. We have provided specific information on such disclosures in the coming sections.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct Economic Value Generated (Revenue)	261,191,305	PHP
Direct Economic Value Distributed:		
a. Operating Costs	97,253,505	PHP
b. Employee Wages and Benefits	42,736,343	PHP
c. Payments to Suppliers, Other Operating Costs	29,236,053	PHP
d. Dividends given to Stockholders and Interest Payments to Loan Providers	0.00	PHP
e. Taxes given to Government	19,728,225	PHP
f. Investments to Community (e.g. Donations, CSR)		PHP

What is the Impact and Where does it Occur? What is the Organization's Involvement in the Impact?	Which Stakeholders are Affected?	Management Approach
The impact of the economic performance happens at multiple levels including influence on the shareholder value, amount of money spent to develop local businesses (suppliers), develop local community (CSR), and most importantly ability to support nation building through taxes.	The Stakeholders affected are: › The Shareholders and Investors of the Organization; › The Employees of the Organization; and › The Community where the business operates.	The Organization has undertaken the initiative to conduct regular Executive Committee (ExeCom) meetings as part of the Organization's performance management system. Similarly, the Organization regularly conducts Management Committee (ManCom) meetings to ensure issues raised to the ExeCom have been clearly identified and presented. The Organization further undertakes the initiative to conduct regular engagement with its Customers and Employees to ensure a clear and better understanding of their needs and expectations.

What are the Risk/s Identified?	Which Stakeholders are Affected?	Management Approach
The revenue performance of the Organization can be affected by multiple factors, which include: › Market Volatility that affects the investment plan of the Organization; › Use of social media in expressing Customer and Employee dissatisfaction; and › Poor peer industry review resulting in low Client engagement and retention.	The Stakeholders affected are: › The Shareholders and Investors of the Organization; › The Employees of the Organization; and › The Community where the business operates.	The Organization has undertaken multiple risk management initiatives to overcome these risks. The Organization thoroughly study and discuss proposed investment based on collected empirical data. The Organization has undertaken the initiative to regularly monitor and evaluate Customer and Employee satisfaction. The Organization endeavors to maintain its professional staff through their continuous professional education and provision of incentives based on their performance appraisal.
What are the Opportunity/ies Identified?	**Which Stakeholders are Affected?**	**Management Approach**
There are opportunities to further enhance the revenue performance of the Organization based on: › Continuous market review and study; and › Benchmarking with relevant top industry performers.	The Stakeholders affected are: › The Shareholders and Investors of the Organization; › The Employees of the Organization; and › The Community where the business operates.	The Organization has undertaken the initiative to carefully review collected empirical data to ensure sound judgement on proposed business investments. The Organization exploits the opportunities presented during the benchmark study to ensure the Organization retains its professional staff and meet and exceed the needs and expectations of its Customers and Employees.

Anti - Corruption

Training on Anti – Corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of Employees to whom the Organization's Anti – Corruption Policies and Procedures have been Communicated To	100.0	%
Percentage of Business Partners to whom the Organization's Anti – Corruption Policies and Procedures have been Communicated To	100.0	%
Percentage of Directors and Management that have Received Anti – Corruption Training	100.0	%
Percentage of Employees that have Received Anti – Corruption Training	100.0	%

What is the Impact and Where does it Occur? What is the Organization's Involvement in the Impact?	Which Stakeholders are Affected?	Management Approach
Acts of corruption has significant impact on the reputation, competitiveness, and morale of the Organization. On the other hand, this can also impact performance of suppliers with ethical practices, diminish shareholder value, and lead to irreparable damage.	The Stakeholders affected are: › The Shareholders and Investors of the Organization; › The Employees of the Organization; › The Suppliers of the Organization; › The Customers of the Organization; and › The Government Regulators.	The Organization has undertaken the initiative to establish and implement anti – corruption practices through an Anti – Corruption Policy incorporated in the Avoiding Conflict of Interest and Policy on Accountability, Integrity, and Vigilance of the Code of Business Conduct and Ethics. These practices have been reinforced through regular training for the Employees and annual review of the Suppliers.

What are the Risk/s Identified?	Which Stakeholders are Affected?	Management Approach
While working with Small to Medium Enterprises (SMEs) as Suppliers, the Organization carries the risk of ensuring the integrity of the adherence to the Organization's anti - corruption practices.	The Stakeholders affected are: ➢ The Shareholders and Investors of the Organization; ➢ The Employees of the Organization; ➢ The Suppliers of the Organization; ➢ The Customers of the Organization; and ➢ The Government Regulators.	The Organization strives to ensure the strict implementation of its Supplier accreditation process and more importantly, find ways to reinforce it through trainings and Supplier orientation.
What are the Opportunity/ies Identified?	**Which Stakeholders are Affected?**	**Management Approach**
There is an opportunity to intensify training on the anti - corruption policies and practices of the Organization.	The Stakeholders affected are: ➢ The Shareholders and Investors of the Organization; ➢ The Employees of the Organization; ➢ The Suppliers of the Organization; ➢ The Customers of the Organization; and ➢ The Government Regulators.	The Organization has undertaken the initiative to firmly entrench, regularly practice, and regularly update its anti - corruption policies and practices. As such, the Organization has further undertaken the initiative to intensify its training programs on anti - corruption.

The policy of the Organization on anti - corruption is embedded in the ***Code of Business Conduct and Ethics*** (https://www.crownequitiesinc.com/code-of-ethics/), as well as in the ***Conflict of Interest Policy*** (https://www.crownequitiesinc.com/company-policies/).

Incidents of Corruption

Disclosure	Quantity	Units
Number of Incidents in which Directors were Removed or Disciplined for Corruption	0	#
Number of Incidents in which Employees were Dismissed or Disciplined for Corruption	0	#
Number of Incidents when Contracts with Business Partners were Terminated due to Incidents of Corruption	0	#

What is the Impact and Where does it Occur? What is the Organization's Involvement in the Impact?	Which Stakeholders are Affected?	Management Approach
Acts of corruption has significant impact on the reputation, competitiveness, and morale of the Organization. On the other hand, this can also impact performance of suppliers with ethical practices, diminish shareholder value, and lead to irreparable damage.	The Stakeholders affected are: - The Shareholders and Investors of the Organization; - The Employees of the Organization; - The Suppliers of the Organization; - The Customers of the Organization; and - The Government Regulators.	The Organization has undertaken the initiative to establish and implement anti - corruption practices through an Anti – Corruption Policy incorporated in the Avoiding Conflict of Interest and Policy on Accountability, Integrity, and Vigilance of the Code of Business Conduct and Ethics. These practices have been reinforced through regular training for the Employees and annual review of the Suppliers.
What are the Risk/s Identified?	**Which Stakeholders are Affected?**	**Management Approach**
While working with Small to Medium Enterprises (SMEs) as Suppliers, the Organization carries the risk of ensuring the integrity of the adherence to the Organization's anti - corruption practices.	The Stakeholders affected are: - The Shareholders and Investors of the Organization; - The Employees of the Organization; - The Suppliers of the Organization; - The Customers of the Organization; and - The Government Regulators.	The Organization strives to ensure the strict implementation of its Supplier accreditation process and more importantly, find ways to reinforce it through trainings and Supplier orientation.

What are the Opportunity/ies Identified?	Which Stakeholders are Affected?	Management Approach
There is an opportunity to intensify training on the anti – corruption policies and practices of the Organization.	The Stakeholders affected are: - The Shareholders and Investors of the Organization; - The Employees of the Organization; - The Suppliers of the Organization; - The Customers of the Organization; and - The Government Regulators.	The Organization has undertaken the initiative to firmly entrench, regularly practice, and regularly update its anti – corruption policies and practices. As such, the Organization has further undertaken the initiative to intensify its training programs on anti – corruption.

The policy of the Organization on anti – corruption is embedded in the ***Code of Business Conduct and Ethics*** (https://www.crownequitiesinc.com/code-of-ethics/), as well as in the ***Conflict of Interest Policy*** (https://www.crownequitiesinc.com/company-policies/).

ENVIRONMENT

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total Solid Waste Generated	3,672	Kg
Reusable	72	Kg
Recyclable	3,600	Kg
Composted		Kg
Incinerated		Kg
Residuals / Landfilled		Kg

What is the Impact and Where does it Occur? What is the Organization's Involvement in the Impact?	Which Stakeholders are Affected?	Management Approach
The operations of the Organization and its Subsidiaries inevitably generates solid and hazardous wastes that, if improperly managed, present potential impacts to human health and the immediate surroundings of the Community where the Organization operates.	The Stakeholders affected are: › The Shareholders and Investors of the Organization; › The Employees of the Organization; and › The Community where the business operates.	The Organization has undertaken the initiative to manage the various waste streams of the Organization through the proper implementation of waste segregation schemes that is suitable for the Organization. The Organization has further undertaken the initiative to designate a dedicated Pollution Control Officer (PCO) who fulfills the responsibility of managing the Organization's compliance to all applicable environmental laws and regulations and of ensuring the consistent implementation of good environmental practices in handling and managing solid and hazardous wastes.

What are the Risk/s Identified?	Which Stakeholders are Affected?	Management Approach
The incidental exposure of the Community where the Organization operates to improperly managed solid and hazardous wastes due to road traffic accident and accidental release or spill may result into long – term ill – health effects for exposed individuals and may eventually lead into limited access to decent life / livelihood.	The Stakeholders affected are: › The Shareholders and Investors of the Organization; › The Employees of the Organization; and › The Community where the business operates.	The Organization ensure its compliance to all applicable environmental laws and regulations and has undertaken the initiative to designate a dedicated Pollution Control Officer (PCO). The designated PCO monitors and ensures that good environmental practices are being consistently implemented in handling and managing the generated solid and hazardous wastes. The designated PCO further ensures that all generated solid and hazardous wastes are appropriately transported, treated, and disposed.
What are the Opportunity/ies Identified?	**Which Stakeholders are Affected?**	**Management Approach**
Exploring opportunities to divert wastes away from the landfill supports the aim of the Organization to minimize its environmental footprint.	The Stakeholders affected are: › The Shareholders and Investors of the Organization; › The Employees of the Organization; and › The Community where the business operates.	The Organization has undertaken the initiative to manage the various waste streams of the Organization through the proper implementation of waste segregation schemes that is suitable for the Organization.

Hazardous Waste

Disclosure	Quantity	Units
Total Weight of Hazardous Waste Generated	655	Kg
Total Weight of Hazardous Waste Transported	655	Kg

What is the Impact and Where does it Occur? What is the Organization's Involvement in the Impact?	Which Stakeholders are Affected?	Management Approach
The operations of the Organization and its Subsidiaries inevitably generates solid and hazardous wastes that, if improperly managed, present potential impacts to human health and the immediate surroundings of the Community where the Organization operates.	The Stakeholders affected are: › The Shareholders and Investors of the Organization; › The Employees of the Organization; and › The Community where the business operates.	The Organization has undertaken the initiative to manage the various waste streams of the Organization through the proper implementation of waste segregation schemes that is suitable for the Organization. The Organization has further undertaken the initiative to designate a dedicated Pollution Control Officer (PCO) who fulfills the responsibility of managing the Organization's compliance to all applicable environmental laws and regulations and of ensuring the consistent implementation of good environmental practices in handling and managing solid and hazardous wastes.

What are the Risk/s Identified?	Which Stakeholders are Affected?	Management Approach
The incidental exposure of the Community where the Organization operates to improperly managed solid and hazardous wastes due to road traffic accident and accidental release or spill may result into long – term ill – health effects for exposed individuals and may eventually lead into limited access to decent life / livelihood.	The Stakeholders affected are: › The Shareholders and Investors of the Organization; › The Employees of the Organization; and › The Community where the business operates.	The Organization ensure its compliance to all applicable environmental laws and regulations and has undertaken the initiative to designate a dedicated Pollution Control Officer (PCO). The designated PCO monitors and ensures that good environmental practices are being consistently implemented in handling and managing the generated solid and hazardous wastes.

		The designated PCO further ensures that all generated solid and hazardous wastes are appropriately transported, treated, and disposed.
What are the Opportunity/ies Identified?	**Which Stakeholders are Affected?**	**Management Approach**
Exploring opportunities to divert wastes away from the landfill supports the aim of the Organization to minimize its environmental footprint.	The Stakeholders affected are: - The Shareholders and Investors of the Organization; - The Employees of the Organization; and - The Community where the business operates.	The Organization has undertaken the initiative to manage the various waste streams of the Organization through the proper implementation of waste segregation schemes that is suitable for the Organization.

Effluents

Disclosure	Quantity	Units
Total Volume of Water Discharges	3,168	Cubic Meters
Percent of Wastewater Recycled	0.0	%

What is the Impact and Where does it Occur? What is the Organization's Involvement in the Impact?	Which Stakeholders are Affected?	Management Approach
Improperly managed effluents affects the Organization at multiple levels including the potential loss in revenues due to imposition of monetary fines and non – monetary sanctions, the potential loss of reputation of the Organization due to potential revocation of Environmental Compliance Certificate (ECC) and License to Operate (LTO), and the potential impacts to the health	The Stakeholders affected are: - The Shareholders and Investors of the Organization; - The Employees of the Organization; and - The Community where the business operates.	The Organization ensures its compliance to all applicable environmental laws and regulations and has undertaken the initiative to designate a dedicated Pollution Control Officer (PCO). The dedicated PCO monitors the water consumption of the Organization and ensures that good environmental practices

and safety of the Community where the Organization operates.		are consistently being implemented. The Organization has also undertaken the initiative of conducting regular maintenance and monthly cleaning of all sewage tanks, as well as quarterly sampling and analysis of its effluents based on the requirements of the Department of Environment and Natural Resources (DENR).
What are the Risk/s Identified?	**Which Stakeholders are Affected?**	**Management Approach**
Scarcity of water supply in the Community where the Organization operates leading into limited access to clean and safe water.	The Stakeholders affected are: › The Shareholders and Investors of the Organization; › The Employees of the Organization; and › The Community where the business operates.	The Organization has undertaken the initiative to recycle its generated wastewater for watering plants and to disallow the use of pressurized water spray in cleaning its surroundings.
What are the Opportunity/ies Identified?	**Which Stakeholders are Affected?**	**Management Approach**
Exploring opportunities to increase the percentage of wastewater being recycled by the Organization.	The Stakeholders affected are: › The Shareholders and Investors of the Organization; › The Employees of the Organization; and › The Community where the business operates.	The Organization has undertaken the initiative of conducting regular maintenance and monthly cleaning of all sewage tanks, as well as quarterly sampling and analysis of its effluents based on the requirements of the Department of Environment and Natural Resources (DENR).

Environmental Compliance

Non - Compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total Amount of Monetary Fines for Non – Compliance with Environmental Laws and / or Regulations	0.00	PHP
No. of Non – Monetary Sanctions for Non – Compliance with Environmental Laws and / or Regulations	0	#
No. of Cases Resolved through Dispute Resolution Mechanism	0	#

What is the Impact and Where does it Occur? What is the Organization's Involvement in the Impact?	Which Stakeholders are Affected?	Management Approach
Compliance to all applicable environmental laws and regulations is imperative license to operate as a business. Failure to do so will impact the Organization's reputation, financial performance, livelihood of the Small and Medium Enterprise (SME) Suppliers, and the extended Community.	The Stakeholders affected are: ➢ The Shareholders and Investors of the Organization; ➢ The Employees of the Organization; and ➢ The Community where the business operates.	The Organization has undertaken the initiative to ensure its compliance to all applicable environmental laws and regulations by regularly cleaning of all sewage tanks, as well as effluent sampling and analysis in compliance to the requirements of the Department of Environment and Natural Resources (DENR). The Organization has also undertaken preventive actions of conducting regular maintenance and monthly cleaning of all sewage tanks, as well as quarterly sampling and analysis of its effluents based on DENR requirements.

What are the Risk/s Identified?	Which Stakeholders are Affected?	Management Approach
Incidence of non – compliance to any applicable environmental laws and regulations affects the Organization at multiple levels including the potential loss in revenues due to imposition of monetary fines and non - monetary sanctions, the potential loss of reputation of the Organization due to potential revocation of Environmental Compliance Certificate (ECC) and License to Operate (LTO), and the potential impacts to the health and safety of the Community where the Organization operates.	The Stakeholders affected are: • The Shareholders and Investors of the Organization; • The Employees of the Organization; and • The Community where the business operates.	The Organization ensure its compliance to all applicable environmental laws and regulations and has undertaken the initiative to designate a dedicated Pollution Control Officer (PCO). The dedicated PCO ensures that good environmental practices are consistently being implemented.
What are the Opportunity/ies Identified?	**Which Stakeholders are Affected?**	**Management Approach**
Benchmarking with the relevant industry top performers to identify means to further enhance the compliance of the Organization to all applicable environmental laws and regulations.	The Stakeholders affected are: • The Shareholders and Investors of the Organization; • The Employees of the Organization; and • The Community where the business operates.	The Organization ensure its compliance to all applicable environmental laws and regulations and has undertaken the initiative to designate a dedicated Pollution Control Officer (PCO). The Organization further undertakes the initiative to safeguard its water and wastewater systems and pipelines through the installation of a pre - treatment facility, which is under development stage in 2020.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure	Quantity	Units
Total Number of Employees*	84	
a. Number of Female Employees	54	#
b. Number of Male Employees	30	#
Attrition Rate**	-30.86%	Rate
Ratio of Lowest Paid Employee Against Minimum Wage	1:1.04	Ratio

**Employees are individuals who are in employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)*

***Attrition Rate = (No. of New Hires - No. of Turnover) / (Average of Total Number of Employees of Previous Year and Total Number of Employees of Current Year)*

Employee Benefits

Disclosure	Y / N	% Female Employees Who Availed this Year	% Male Employees Who Availed this Year
SSS	Y	14	5
PhilHeath	Y	0	0
PAG – IBIG	Y	14	2
Parental Leaves	Y	0	0
Vacation Leaves	Y	45	18
Sick Leaves	Y	45	18
Medical Benefits *(Aside from PhilHealth)*	Y	32	22
Housing Assistance *(Aside from PAG - IBIG)*	N	0	0
Recruitment Fund *(Aside from SSS)*	N	0	0
Further Education Support	N	0	0
Company Stock Options	N	0	0
Telecommuting	N	0	0
Flexible Working Arrangement (FWA)	Y	0	0

What is the Impact and Where does it Occur? What is the Organization's Involvement in the Impact?	Which Stakeholders are Affected?	Management Approach
Non – competitive employment benefits limits the access to decent life / livelihood for the Employees and may eventually result in a declining trend for the employment rate in the Community where the Organization operates its business	The Stakeholders affected are: ➢ The Employees of the Organization; and ➢ The Community where the business operates.	The Organization ensures its compliance to all applicable laws, rules and regulations of the Department of Labor and Employment (DOLE) and all appropriate government entities. In addition, the Organization has undertaken the initiative for incentives and merit increases based on the annual performance review of the Employee and the Organization against set goals.
What are the Risk/s Identified?	**Which Stakeholders are Affected?**	**Management Approach**
The overall competitiveness of the Organization is affected by Employees' dissatisfaction and attrition / loss of Employees to competition.	The Stakeholders affected is the Employees of the Organization.	The Organization has undertaken the initiative to proactively allocate an annual budget for Employee engagement programs.
What are the Opportunity/ies Identified?	**Which Stakeholders are Affected?**	**Management Approach**
Benchmarking with the relevant industry top performers to identify means to further enhance the competitiveness of the Organization.	The Stakeholders affected are: ➢ The Employees of the Organization; and ➢ The Community where the business operates.	The Organization has undertaken the initiative to conduct an annual organizational climate survey for the periodic assessment of Employees' satisfaction.

The policy of the Organization on rewards / compensation for employees is embedded in the ***Manual on Corporate Governance*** (https://www.crownequitiesinc.com/corporate-governance/).

Employee Training and Development

Disclosure	Quantity	Units
Total Training Hours Provided to Employees		
a. Female Employees	0	Hours
b. Male Employees	0	Hours
Average Training Hours Provided to Employees		
a. Female Employees		Hours / Employee
b. Male Employees		Hours / Employee

What is the Impact and Where does it Occur? What is the Organization's Involvement in the Impact?	Management Approach
Appropriately trained Employees increases the ability of the Organization to operate at the highest standard of business ethics, sustains data privacy, ensures a safe and healthy workplace, and improves customer satisfaction.	The Organization ensures that learning and development opportunities are continuously being provided to all Employees. As such, the Organization has undertaken the initiative to include Training, Personal Development, & Membership in Outside Organization in its Code of Conduct & Policy Manual. The management of the Organization ensures that an approved budget is allocated for training. However, due to the pandemic, there were no appropriate training sessions during the period.
What are the Risk/s Identified?	**Management Approach**
The lack of commitment from Employees to proactively participate in the provided training.	The Organization ensures that learning and development opportunities are continuously being provided to all Employees. As such, the Organization has undertaken the initiative to include Training, Personal Development, & Membership in Outside Organization in its Code of Conduct & Policy Manual.
What are the Opportunity/ies Identified?	**Management Approach**
Appropriately trained Employees enhance the operations of the Organization thru the establishment and implementation of innovative work process.	The management of the Organization ensures that an approved budget is allocated for training.

The policy of the Organization on training and development is embedded in the ***Policy and Data relating to Health, Safety and Welfare of Employees, including Company Sponsored Trainings*** (https://www.crownequitiesinc.com/company-policies/), as well as in the ***Manual on Corporate Governance*** (https://www.crownequitiesinc.com/corporate-governance/).

Labor - Management Relations

Disclosure	Quantity	Units
% of Employees Covered with Collective Bargaining Agreements	0	%
No. of Consultations Conducted with Employees Concerning Employee – related Policies	0	#

What is the Impact and Where does it Occur? What is the Organization's Involvement in the Impact?	Management Approach
The process of consulting Employees enhances access to decent life / livelihood of the Employees and may eventually result in an increasing trend for the employment rate in the Community where the Organization operates its business.	The Organization ensures its compliance to all applicable laws, rules and regulations of the Department of Labor and Employment (DOLE) and all appropriate government entities. In addition, the Organization has undertaken the initiative to establish a grievance procedure for the management of Employees concern. The Organization has also undertaken the initiative to conduct an annual organizational climate survey for the periodic assessment of Employees' satisfaction.
What are the Risk/s Identified?	**Management Approach**
The overall competitiveness of the Organization is affected by Employees' dissatisfaction and attrition / loss of Employees to competition.	The Organization has undertaken the initiative to proactively allocate an annual budget for Employee engagement programs.
What are the Opportunity/ies Identified?	**Management Approach**
Benchmarking with the relevant industry top performers to identify means to further enhance the competitiveness of the Organization.	The Organization has undertaken the initiative to conduct an annual organizational climate survey for the periodic assessment of Employees' satisfaction.

The policy of the Organization on labor management is embedded in the ***Manual on Corporate Governance*** (https://www.crownequitiesinc.com/corporate-governance/).

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of Female Workers in the Workplace	64	%
% of Male Workers in the Workplace	36	%
No. of Employees from Indigenous Community and / or Vulnerable Sector*	3	#

Vulnerable sector includes **elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, **solo parents**, and the poor or the base of the pyramid (BOP: Class D and E).*

What is the Impact and Where does it Occur? What is the Organization's Involvement in the Impact?	Management Approach
Diverse and equal employment opportunities enhances access to decent life / livelihood of the Employees and may eventually result in an increasing trend for the employment rate in the Community where the Organization operates its business.	The Organization ensures its compliance to all applicable laws, rules and regulations of the Department of Labor and Employment (DOLE) and all appropriate government entities. In addition, the Organization has undertaken the initiative to establish and implement anti – discrimination, anti – harassment, and human rights policies and practices embedded in its Code of Business Conduct and Ethics, including employee training and awareness programs.
What are the Risk/s Identified?	**Management Approach**
Incidents of discrimination and harassment may lead into the voluntary separation of Employees.	The Organization has undertaken the initiative to establish and implement anti – discrimination, anti – harassment, and human rights policies and practices embedded in the Support for Diversity and Non – Discrimination and Employee Welfare of the Code of Business Conduct and Ethics.
What are the Opportunity/ies Identified?	**Management Approach**
Appropriately informed Employees provides assurance that the Organization is operating at a highest standard of business ethics.	The Organization has undertaken the initiative to establish and implement Employee training and awareness programs on anti – discrimination, anti – harassment, and human rights policies and practices reflected in the Support for Diversity and Non – Discrimination and Employee Welfare of the Code of Business Conduct and Ethics.

The policy of the Organization on diversity and equal opportunity employment is embedded in the ***Code of Business Conduct and Ethics*** (https://www.crownequitiesinc.com/code-of-ethics/), as well as in the ***Manual on Corporate Governance*** (https://www.crownequitiesinc.com/corporate-governance/).

Workplace Conditions, Labor Standards, and Human Rights

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of Legal Actions or Employee Grievance involving Forced or Child Labor	0	#

The organization has policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace which is embodied in its code of ethics.
https://www.crownequitiesinc.com/code-of-ethics/

Topic	Y / N	If YES, Cite Reference in Company Policy
Forced Labor	Y	Employee Welfare of the Code of Business Conduct and Ethics
Child Labor	N	
Human Rights	Y	Support for Diversity and Non – Discrimination of the Code of Business Conduct and Ethics Employee Welfare of the Code of Business Conduct and Ethics

What is the Impact and Where does it occur? What is the Organization's Involvement in the Impact?	Management Approach
Compliance to labor rules and regulations is imperative license to do business. Failure to do so will impact the Organization's reputation, financial performance, livelihood of the Small and Medium Enterprise (SME) Suppliers and the extended Community.	The Organization ensures its compliance to the laws, rules and regulations of the Department of Labor and Employment (DOLE) and all appropriate government entities. As such, the Organization has undertaken the initiative to establish and implement a Code of Business Conduct and Ethics. The Organization has further undertaken the initiative to establish and implement Employees' grievance mechanisms that will enable the organization to collect and analyze data for work – related issues and concerns of the Employees.
What are the Risk/s Identified?	**Management Approach**
Failure to comply with the relevant and existing labor rules and regulations may result into the loss of confidence of the Community where the Organization operates and may eventually lead into the closure of business.	The Organization ensures its compliance to the laws, rules and regulations of the Department of Labor and Employment (DOLE) and all appropriate government entities. As such, the Organization has undertaken the initiative to establish and implement a Code of Business Conduct and Ethics.
What are the Opportunity/ies Identified?	**Management Approach**
Benchmarking with other relevant organization to ensure the implementation of the relevant industry's good labor practices.	The Organization has undertaken the initiative to establish and implement Employees' grievance mechanisms that will enable the organization to collect and analyze data for work – related issues and concerns of the Employees.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a Third Party Conduct the Customer Satisfaction Study (Y/N)?
Customer Satisfaction	Outstanding	N

What is the Impact and Where does it Occur? What is the Organization's Involvement in the Impact?	Management Approach
The overall performance of the Organization is affected by the satisfaction of its Customers. Customers experiencing inconvenience may become physically or verbally abusive that affects the servicing Employee(s) and exposed them to physical, mental, and / or emotional stress.	The Organization ensures the satisfaction of its Customers and has undertaken the initiative to internally measure patients' satisfaction for the services provided by FortMed Medical Clinics Makati Inc. The Organization further undertakes the initiative to: › Establish and implement an internal tracking system for timely resolution and periodic verification of Customer feedback; › Establish and implement Employee training and awareness programs on Customer engagement and complaints management; and › Improve its Customer engagement and complaints management processes and procedures. ›
What are the Risk/s Identified?	**Management Approach**
The overall business reputation of the Organization is affected by the dissatisfied Customers.	The Organization has undertaken the initiative to establish and implement an internal tracking system for timely resolution and periodic verification of Customer feedback.
What are the Opportunity/ies Identified?	**Management Approach**
Motivated and appropriately informed Employees manifest excellent Customer service and provides assurance that the Organization is operating at a highest standard of business ethics.	The Organization has undertaken the initiative to establish and implement a Customer service culture, including conducting Employee training and awareness programs on Customer engagement and complaints management.

Customer Privacy

Disclosure	Quantity	Units
No. of Substantiated Complaints on Customer Privacy*	0	#
No. of Complaints Addressed	0	#
No. of Customers, Users, and Account Holders whose Information is Used for Secondary Purposes	0	#

**Substantiated complaints include complaints from Customers that went through the Organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the Impact and Where does it Occur? What is the Organization's Involvement in the Impact?	Management Approach
The Organization values the privacy of its Clients and take it seriously to immediately address incident(s) of breach(es) to Customer privacy as it affects the confidence of the Community where the Organization operates.	The Organization ensures its compliance to the Data Privacy Act of 2012 (RA 10173) and has undertaken initiatives to establish and implement Data Privacy statements and Data Security practices, including the appointment of a dedicated Data Privacy Officer (DPO). The Organization has undertaken initiative to ensure Customer and Client information is only made available to the parties concerned and is not being shared between and among the companies within the Organization. In addition, the Organization undertakes the initiative to establish and implement Employee training and awareness programs on Customer privacy.
What are the Risk/s Identified?	**Management Approach**
The overall business reputation of the Organization is affected by the loss of trust and confidence from the Organization's Shareholders, Investors, Employees, Customers, Suppliers, and Government Regulators.	The Organization has undertaken the initiative to appoint a dedicated Data Privacy Officer (DPO). The Organization further undertakes the initiative to continually keep abreast with appropriate data privacy regulations.

What are the Opportunity/ies Identified?	Management Approach
Appropriately informed Employees provides assurance that the Organization is operating at a highest standard of business ethics.	The Organization has undertaken the initiative to establish and implement Data Privacy statements and Data Security practices. The Organization further undertakes the initiative to establish and implement Employee training and awareness programs on Customer privacy. In addition, the Organization also undertakes the initiative to ensure that implemented data privacy practices are periodically reviewed.

Data Security

Disclosure	Quantity	Units
No. of Data Breaches, including Leaks, Thefts, and Losses of Data	0	#

What is the Impact and Where does it Occur? What is the Organization's Involvement in the Impact?	Management Approach
The business confidence of the Organization's Shareholders, Investors, Employees, Customers, Suppliers, and Government Regulators linked to unreported incident(s) of data security breach(es) and / or data loss(es) of the Organization.	The Organization ensures its compliance to the Data Privacy Act of 2012 (RA 10173) and has undertaken initiatives to establish and implement Data Privacy statements and Data Security practices, including the appointment of a dedicated Data Privacy Officer (DPO). The Organization has undertaken initiative to continuously improve its Data Security practices, including its periodic review. The Organization further undertakes the initiative to establish and implement Employee training and awareness programs on data protection.

What are the Risk/s Identified?	Management Approach
The overall business reputation of the Organization is affected by the loss of trust and confidence from the Organization's Shareholders, Investors, Employees, Customers, Suppliers, and Government Regulators.	The Organization has undertaken the initiative to appoint a dedicated Data Privacy Officer (DPO). The Organization further undertakes the initiative to ensure that implemented data privacy practices are periodically reviewed. The Organization has also undertaken initiatives to employ IT Staff who keep abreast with data privacy regulations
What are the Opportunity/ies Identified?	**Management Approach**
Appropriately informed Stakeholders of the Organization (Shareholders, Investors, Employees, Customers, Suppliers, and Government Regulators) provides assurance that the Organization is operating at a highest standard of business ethics.	The Organization has undertaken the initiative to establish and implement Data Privacy statements and Data Security practices. The Organization further undertakes the initiative to establish and implement Employee training and awareness programs on data protection, as well as training programs for IT Staff development.