

COVER SHEET

CROWN EQUITIES, INC.

(Company's Full Name)

12th Floor, Equitable Bank Tower

8751 Paseo de Roxas, Makati City

Company's Address: No./Street/City/Town/Province

886-0157 to 58

Company's Telephone Number

December 31

Calendar Year Ending
(Month & Day)

(Annual Meeting)

SEC FORM 17-Q

Form Type

Amended Designation (If Applicable)

N/A

Secondary License Type and File Number

LCU

Cashier

DTU

A1996-39745

S.E.C. Registration No.

Central Receiving Unit

File Number

Document I.D.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: June 30, 2009
2. Commission Identification Number: 39745 3. BIR Tax Identification No.: 002-837461
4. Exact name of issuer as specified in its charter: CROWN EQUITIES, INC.
5. Province, country or other jurisdiction of incorporation or organization: Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office: Postal Code: 1226
12th Floor Equitable Bank Tower, 8751 Paseo de Roxas Avenue, Makati City
8. Issuer's telephone number, including area code: (632) 886-0157 to 58
9. Former name, former address and former fiscal year, if changed since last report: N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

<u>Title of each Class</u>	<u>Number of shares of common stock outstanding and amount of debt outstanding</u>
Common	13,599,999,960 shares

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

Yes No

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

Philippine Stock Exchange / Common Shares

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Please see Annex A

Item 2. Management's Discussion & Analysis of Financial Condition and Result of Operations

Discussions of Financial Condition and Changes in Financial Condition

	June 2009 (Unaudited)	Dec 2008 (Audited)	Increase/ (Decrease)	%age Change
Cash and cash equivalents	92.16	211.45	-119.29	-56.41%
Financial assets at fair value thru profit & loss	13.04	8.71	4.33	49.72%
Installment contracts receivable	47.85	38.95	8.90	22.84%
Receivables and advances	35.11	45.82	-10.71	-23.38%
Inventories	289.30	298.13	-8.83	-2.96%
Other current assets	10.69	11.67	-0.98	-8.41%
Non-current receivables	41.07	39.88	1.18	2.96%
Investments and advances to related parties-net	330.45	330.40	0.06	0.02%
Investment properties – net	774.59	767.19	7.40	0.96%
Property and equipment - net	147.53	84.49	63.04	74.62%
Goodwill	21.74	21.74	0.00	0.00%
Other non-current assets	40.71	35.90	4.81	13.40%
TOTAL ASSETS	1,844.23	1,894.32	-50.09	-2.64%
Accounts payable and other liabilities	82.62	129.02	-46.40	-35.97%
Due to related parties	74.75	80.15	-5.40	-6.74%
Subscriptions payable	42.16	42.16	0.00	0.00%
Retirement benefit obligation	2.95	2.95	0.00	0.00%
Shareholders' equity	1,499.13	1,497.77	1.36	0.09%
Minority interest	142.63	142.27	0.36	0.25%
TOTAL LIABILITIES & EQUITY	1,844.23	1,894.32	-50.09	-2.64%

Amounts in million pesos, except percentages.

Total Assets

Total assets decreased by 2.64% or P50.09 million from P1.894 billion as of December 31, 2008 to P1.844 billion as of June 30, 2009. The decrease was mainly the result of the amount of cash used for payment of liabilities.

Current Assets

Total current assets decreased by 21.59% or P126.58 million from P614.72 million as of December 31, 2008 to P488.15 million as of June 30, 2009. This was attributable to the decrease in cash and cash equivalents amounting to P119.29 during the period. The amount of cash was mainly used to finance the construction of a building, to pay outstanding balance of the purchase price of investment properties, and to cover overhead expenses.

Also contributed to the decrease in current assets were the decrease in the outstanding balance of receivables and advances, representing customer collections, and the decline in the level of inventory, resulting from sales, amounting to P10.71 million and P8.83 million, respectively.

Financial assets increased by 49.72% or P4.33 million due largely to the recovery in market value of marketable securities held. Short-term installment contracts receivables increased by 22.84% or P8.90 million as a result of the increase in real estate sales. However, the increase in the installment contracts receivable and in financial assets were not able to mitigate the impact of the decrease in cash and cash equivalents.

Non-Current Assets

Total non-current assets increased by 5.98% or P76.49 million from P1.279 billion as of December 31, 2008 to P1.356 billion as of June 30, 2009. This was brought mainly by the increase in property and equipment amounting to P63.04 million representing the cost of the on-going construction of a building which will house the Group's new office and various commercial spaces for lease. The increase in the cost of investment properties amounting to P7.40 million, representing capitalized titling costs for the land properties in Sto. Tomas, Batangas and in Taguig City, also contributed to the increase. Other non-current assets, composed mainly of input taxes, also increased by P4.81 million during the year.

Liabilities and Stockholders' Equity

Total liabilities decreased by 20.37% or P51.80 million from P254.28 million as of December 31, 2008 to P202.48 million as of June 30, 2009. This was due to the decrease in accounts payable amounting to P46.40 million which mostly pertains to the payment of the outstanding balance of the purchase price of land properties. Also, due to related parties decreased by P5.40 million representing payments for advances received from the Group's joint venture partner on the Palma Real Residential Estates project.

Stockholders' equity increased by P1.36 million to P1.499 billion while minority interest in net assets increased minimally to P142.63 million due to the net income earned during the period.

Discussions on Results of Operation

Account (P'000'000)	June 30 YTD 2009 (Unaudited)	June 30 YTD 2008 (Unaudited)
Real estate sales	15.50	14.13
Sale of medical goods & services	21.59	0.00
Interest income	3.38	4.99
Other income	1.44	2.03
Cost of sales & services	20.99	8.44
Employee compensation and benefits	7.06	1.87
Operating costs and other expenses	12.14	15.14
Net income (loss)	1.72	(4.30)

Real estate sales generated from the Palma Real Residential Estates and the Cypress Towers projects amounted to P15.50 million by the end of the second quarter of 2009 representing a 9.75% or P1.38 million increase from the same quarter of 2008. Medical goods and services sold and rendered, representing 51.51% of total revenues reached P21.59 million during the second quarter of 2009. On the other hand, interest income declined by 32.23% due to the corresponding decline in cash and cash equivalents. Other income, which mainly includes management fee and dividend income, also declined by 29.15%.

Cost of sales and services, which includes the cost of real estate properties, medical goods and services, amounted to P20.99 million representing a 148.79% increase from 2008. Employee compensation and benefits also increased by 278.32% or P5.19 million. Total operating costs and other expenses reached P12.14 million, a significant portion of which represents costs of clinic operation.

The second quarter of 2009 posted a net income of P6.6 million, resulting to a P1.72 million net income for the first two quarters of 2009. This translates to an earnings per share of P0.000100, as opposed to a loss per share of P0.000434 as of the end of the second quarter of 2008.

Key Performance Indicators

The Company measures its performance based on the utilization of assets and the return on its investments. However, as of June 30, 2009, most of its investments are in ventures that are still at pre-operating stages.

Indicator	As of		Formula
	Jun 2009	Dec 2008	
Investments Ratio	0.60	0.58	$\frac{\text{Total Investment and Advances}}{\text{Total Assets}}$
Current Ratio	2.45	2.45	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Debt Ratio	0.11	0.13	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
	Year to date		
	Jun 2009	Jun 2008	
Return on Assets	0.001	(0.002)	$\frac{\text{EBIT}}{\text{Total Assets}}$
Income/ (Loss) Per Share	0.0001	(0.0003)	$\frac{\text{Net Income}}{\text{Total Shares Subscribed}}$

Investment ratio, which indicates the proportion of total assets invested in various ventures including land banking, went up from 0.58 at the end of 2008 to 0.60 as of June 30, 2009. This is due to the additional costs incurred to improve the condition of the land properties.

Due to the 20% decrease both in current assets and current liabilities since the end of 2008, current ratio remained at 2.45x as of the end of the second quarter of 2009.

The decrease in liabilities, particularly accounts payable arising from purchase of land properties, resulted to a lower debt ratio at the end of the second quarter of 2009.

Since the Group realized a net income from operations during the period, return on assets registered 0.001 in June 2009 compared to a negative return on assets of 0.002 for June 2008. Consequently, on a per share basis, the Company registered a net income of P0.0001 for the period ended June 20, 2008 compared to a net loss of P0.0003 for the same period last year.

PART II - OTHER INFORMATION

There are no information not previously reported in a report on SEC Form 17-C that will be reported under this section.

The Company and its subsidiaries have neither issued nor invested in any financial instruments or complex foreign securities that will make them susceptible to the effects of the current global financial condition. They have neither foreign currency denominated nor local peso-denominated loans. The Company's financial risk exposure is limited to its investments in the local equities market reported as "Financial Assets at Fair Value Through Profit and Loss" in its Balance Sheet. But this exposure is insignificant being less than one percent of the Company's total asset base. Moreover, these investments in the local stock market are always marked to market thus reflecting the most verifiable values available.

The Company's risk management policies are religiously observed and fair values of investments are reviewed by the Executive Committee on a weekly basis.

Management 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 nor it is aware of any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation and 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.

As of this report, the Company 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.

SIGNATURES

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

Issuer **CROWN EQUITIES, INC.**

Name 
Signature and Title **George L. Go
Chairman of the Board
and President**

Date **August 11, 2009**

Principal Financial Officer 
Signature and Title **Eugene B. Macalalag
Vice President - Finance and Administration**

Date **August 11, 2009**

ANNEX A

CROWN EQUITIES, INC. AND SUBSIDIARIES

UNAUDITED FINANCIAL STATEMENTS

June 30, 2009

Philippine Pesos

CROWN EQUITIES, INC. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30 2009 (Unaudited)	December 31 2008 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	92,161,258	211,448,536
Financial assets at fair value through profit and loss	13,041,001	8,710,098
Installment contracts receivable	47,847,423	38,950,397
Receivables and advances - net	35,107,288	45,817,373
Inventories	289,303,168	298,129,384
Other current assets	10,686,042	11,667,022
Total Current Assets	488,146,180	614,722,810
Non-current Assets		
Installment contracts receivable	41,067,228	39,884,868
Investments in and advances to related parties-net	330,454,781	330,396,702
Investment properties-net	774,588,224	767,192,711
Property and equipment, net	147,529,808	84,485,281
Goodwill	21,740,604	21,740,604
Other non-current assets	40,705,828	35,895,563
Total Non-current Assets	1,356,086,473	1,279,595,729
TOTAL ASSETS	1,844,232,652	1,894,318,539
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and other liabilities	82,618,156	129,021,124
Due to related parties	74,751,807	80,153,569
Subscriptions payable	42,158,700	42,158,700
Total Current Liabilities	199,528,663	251,333,393
Retirement Benefit Obligation	2,948,259	2,948,259
Total Liabilities	202,476,922	254,281,652
Equity		
Attributable to parent company shareholders	1,499,128,654	1,497,767,591
Attributable to minority interest	142,627,077	142,269,296
Total Equity	1,641,755,731	1,640,036,887
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	1,844,232,652	1,894,318,539

CROWN EQUITIES, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	For the second quarter ended		Year-to-date ended	
	June 30 2009 (Unaudited)	June 30 2008 (Unaudited)	June 30 2009 (Unaudited)	June 30 2008 (Unaudited)
REVENUES				
Real estate sales	15,148,850	6,979,432	15,503,225	14,126,125
Sale of medical goods & services	10,924,738	-	21,589,779	-
Interest income	955,979	2,427,715	3,380,427	4,988,008
Other income	540,989	1,262,417	1,439,605	2,032,047
TOTAL	27,570,557	10,669,564	41,913,036	21,146,180
COST & EXPENSES				
Cost of sales and services	14,077,944	4,135,729	20,992,167	8,437,567
Employee compensation & benefits	3,522,964	925,027	7,060,945	1,866,384
Professional fees	1,069,549	951,816	2,160,065	1,571,788
Commission	44,017	1,562,279	1,538,219	2,128,732
Depreciation and amortization	296,644	601,716	1,641,832	1,241,845
Rental	1,315,771	463,326	2,589,228	764,847
Taxes and Licenses	116,750	2,374	1,059,004	504,326
Impairment loss on assets and other losses	-	846,396	-	-
Other operating expenses	41,594	2,061,550	2,703,745	8,925,887
TOTAL	20,485,232	11,550,213	39,745,204	25,441,376
INCOME (LOSS) BEFORE TAX	7,085,324	(880,649)	2,167,832	(4,295,196)
TAX EXPENSE	448,989	-	448,989	-
NET INCOME (LOSS)	6,636,336	(880,649)	1,718,843	(4,295,196)
Net Income (Loss) Attributable to:				
Shareholders of Crown Equities, Inc.	5,470,072	(1,769,749)	1,361,062	(5,902,510)
Minority Interest	1,166,263	889,100	357,781	1,607,314
	6,636,336	(880,649)	1,718,843	(4,295,196)
Earnings (Loss) Per Share	0.000402	(0.000130)	0.000100	(0.000434)

CROWN EQUITIES, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	For the second quarter		Year to date	
	June 30 2009 (Unaudited)	June 30 2008 (Unaudited)	June 30 2009 (Unaudited)	June 30 2008 (Unaudited)
Capital Stock - P0.10 par value				
Authorized - 24,000,000,000 shares				
Subscribed - 13,599,999,960 shares	1,359,999,996	1,359,999,996	1,359,999,996	1,359,999,996
Less subscriptions receivable	29,853,180	29,853,180	29,853,180	29,853,180
	1,330,146,816	1,330,146,816	1,330,146,816	1,330,146,816
Additional paid-in capital	118,570,275	118,570,275	118,570,275	118,570,275
Retained Earnings (Deficit)				
Balance, beginning	44,941,491	39,928,761	49,050,501	44,061,522
Net income(loss)	5,470,072	(1,769,749)	1,361,062	(5,902,510)
Balance, end	50,411,563	38,159,012	50,411,563	38,159,012
Minority Interest				
Balance, beginning	141,460,814	137,524,440	142,269,296	137,524,440
Share in net income(loss)	1,166,263	889,100	357,781	1,607,314
Balance, end	142,627,077	138,413,540	142,627,077	139,131,754
TOTAL EQUITY	1,641,755,731	1,625,289,643	1,641,755,731	1,626,007,857

CROWN EQUITIES, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the second quarter ended		Year-to-date ended	
	June 30 2009 (Unaudited)	June 30 2008 (Unaudited)	June 30 2009 (Unaudited)	June 30 2008 (Unaudited)
Cash Flows from Operating Activities				
Net (loss) income	5,470,072	(1,769,749)	1,361,062	(5,902,510)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	-	-	-	-
Interest income	(955,979)	(2,427,715)	(3,380,427)	(4,988,008)
Depreciation and amortization	296,644	601,716	1,641,832	1,241,845
Operating Income before working capital changes	4,810,737	(3,595,748)	(377,533)	(9,648,672)
Decrease (increase) in receivables and advances	-	5,305,607	10,710,085	21,284,420
Decrease (increase) in other current assets	-	(13,914,055)	980,980	(18,717,478)
Decrease (increase) in installment contracts receivable	-	2,000,000	(10,079,385)	2,000,000
Decrease (increase) in other non-current assets	-	(36,628,598)	(4,810,265)	(35,038,332)
Increase (decrease) in accts. payable and other current liab.	(1,224,569)	52,153,238	(46,402,967)	76,727,272
Increase (decrease) in due to related parties	-	(2,999,999)	(5,401,762)	(8,500,000)
Cash generated from (used in) operations	3,586,168	2,320,445	(55,380,848)	28,107,210
Cash paid for income taxes	-	-	-	-
Net Cash Provided (used) by Operating Activities	3,586,168	2,320,445	(55,380,848)	28,107,210
Cash Flows from Investing Activities				
Decrease (increase) in investments in and adv. to related parties	8,689,818	7,332,187	(58,079)	(118,161)
Decrease (increase) in inventories	-	62,849,634	8,826,216	8,437,568
Decrease (increase) in investment in financial assets	-	201,903	(4,330,903)	(3,168,653)
Interest received	955,979	2,427,714	3,380,427	4,988,008
Decrease (increase) in property and equipment	(296,644)	(3,053,163)	(64,686,359)	(2,928,083)
Decrease (increase) in investment property	-	(65,907,092)	(7,395,513)	(49,109,310)
Net Cash Used in Investing Activities	9,349,153	3,851,183	(64,264,211)	(41,898,631)
Cash Flows from Financing Activities				
Increase (decrease) in minority interest	1,166,263	889,100	357,781	1,607,314
Repayments of due to related parties	-	-	-	-
Net Cash Provided by (Used in) Financing Activities	1,166,263	889,100	357,781	1,607,314
Decrease in Cash and Cash Equivalents	14,101,585	7,060,728	(119,287,278)	(12,184,107)
Cash and Cash Equivalents, Beginning	78,059,673	257,555,395	211,448,536	276,800,230
Cash and Cash Equivalents, End	92,161,258	264,616,123	92,161,258	264,616,123

CROWN EQUITIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries as follows:

CEI Development Corp. (CEIDC);
Crown Central Properties, Corp. (CCPC);
CEI Properties, Inc. (CEIPI);
Ceres Holdings, Inc. (CHI) and its subsidiary, Ceres Property Venture, Inc. (CPVI);
Fort Bonifacio Medical Center, Inc. (FBMCI);
Parkfield Land Holdings, Inc. (PLHI); and
Healthcare Systems of Asia Phils., Inc. (HSAPI) and its subsidiaries Fortmed Medical Clinics Makati, Inc. (FMCMI), Fortmed Medical Clinics Sta. Rosa, Inc. (FMCSRI), HCS Medical Care Center Cavite, Inc. (HMCCCI)

after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate an impairment is recognized in the consolidated financial statements

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles.

Minority interests represent the interests not held by the Group in HSAPI, PLHI and CCPC.

The interim financial statements of the Group have been prepared in accordance with *Philippine Financial Reporting Standards* (PFRS) consistently applied by the Parent Company and its subsidiaries and are consistent with those used in previous year.

2. COMMITMENTS AND CONTINGENCIES

There are commitments, guarantees, litigations and contingent liabilities that arise in the normal course of the Parent Company and its subsidiaries' operations which are not reflected in the accompanying financial statements.

3. OTHER INFORMATION

- a. The Group did not present segment information because, at present, the Group has only two segments (real estate) in operation. All other segments are not operating to date. Management believes that segment reporting is more appropriate to enterprises offering groups of products and services or operating in different geographical areas that are subject to differing rates of profitability, opportunities for growth, future prospects and risks that are relevant to assessing the risks and return of a diversified or multinational enterprise.

- b. There are neither unusual items affecting the financial statement accounts nor changes in estimates that have material effect in the current interim period.
- c. There has been no issuance, repurchases and repayments of debt and equity securities nor any declaration or payments of dividends.
- d. There have been no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

4. INCOME/(LOSS) PER SHARE

Income per share is computed by dividing net income or loss by the weighted average number of common shares outstanding during the year. Income/(loss) per share amounts were computed as follows:

	As of June 30 2009	As of June 30 2008
Net Income (loss)	P 1,361,062	P (5,902,510)
Divided by weighted Average number of Outstanding common shares	13,599,999,960	13,599,999,960
Income (loss) per share	P 0.000100	P (0.000434)

CROWN EQUITIES, INC. AND SUBSIDIARIES

Aging of Accounts Receivable

As of June 30, 2009

1. Aging of Accounts Receivable

Type of Accounts receivable	Total	1 mo.	2-3 mos.	4-6 mos.	7 mos. - 1 year	1-2 years	3-5 years	5 yrs. & above	Past due accounts & items in litigation
a. Trade Receivable									
1.) Installment Contract Receivable	88,914,650.46	266,755.66	533,511.34	827,597.45	1,766,476.88	6,787,718.17	19,676,623.38	59,055,967.57	-
Less: Allowance for doubtful account	-								
Net Trade Receivable	88,914,650.46	266,755.66	533,511.34	827,597.45	1,766,476.88	6,787,718.17	19,676,623.38	59,055,967.57	-
b. Non-Trade Receivable									
1.) Advances to Contractors	12,741,843.16						12,741,843.16		
2.) Others	35,107,287.89			35,107,287.89					
Sub-total	47,849,131.05			35,107,287.89			12,741,843.16		
Less: Allowance for doubtful account	12,741,843.16						12,741,843.16		
Net Non-trade Receivable	35,107,287.89			35,107,287.89			-		
Net Receivables (a+b)	124,021,938.35								

2. Accounts Receivable Description

Type of Receivable	Nature/Description	Collection Period
a. Installment Contract Receivable	Unpaid balance of clients for sales in Palma Real Lots and Cypress units	Various
b. Advances to Contractors	Advance payments for Roadworks & Utilities of the Palma Real	
c. Others	Various receivables	Various

3. Normal operating cycle:

Various