

COVER SHEET

CROWN EQUITIES, INC.

(Company's Full Name)

4th Floor Crown Center, 158 Jupiter

Corner N. Garcia Street, Makati City

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

556-2401 to 03

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: September 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: 4th Floor Crown Center, 158 Jupiter Corner N. Garcia Street, Makati City Postal Code: 1209
8. Issuer's telephone number, including area code: (632) 556-2401 to 03
9. Former name, former address and former fiscal year, if changed since last report:
12th Floor Equitable Bank Tower, 8751 Paseo de Roxas, Makati City
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

	Sep 2009 (Unaudited)	Dec 2008 (Audited)	Increase/ (Decrease)	%age Change
Cash and cash equivalents	73.88	211.45	-137.57	-65.06%
Financial assets at fair value thru profit & loss	15.08	8.71	6.37	73.13%
Installment contracts receivable	46.52	38.95	7.57	19.44%
Receivables and advances	38.02	45.82	-7.80	-17.02%
Inventories	289.46	298.13	-8.67	-2.91%
Other current assets	10.33	11.67	-1.34	-11.48%
Non-current receivables	42.95	39.88	3.07	7.69%
Investments and advances to related parties-net	330.20	330.40	-0.20	-0.06%
Investment properties – net	776.40	767.19	9.21	1.20%
Property and equipment – net	159.19	84.48	74.71	88.44%
Goodwill	21.74	21.74	0.00	0.00%
Other non-current assets	42.60	35.90	6.70	18.66%
TOTAL ASSETS	1,846.37	1,894.32	-47.95	-2.53%
Accounts payable and other liabilities	79.81	129.02	-49.21	-38.14%
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	1,504.70	1,497.77	6.93	0.46%
Minority interest	142.00	142.27	-0.27	0.19%
TOTAL LIABILITIES & EQUITY	1,846.37	1,894.32	-47.95	-2.53%

Amounts in million pesos, except percentages.

Total Assets

Total assets decreased by 2.53% or P47.95 million from P1.894 billion as of December 31, 2008 to P1.846 billion as of September 30, 2009. The decrease was due primarily to the amount of cash used for the Group's operating and investing activities during the period.

Current Assets

Total current assets decreased by 23.01% or P141.44 million from P614.72 million as of December 31, 2008 to P473.28 million as of September 30, 2009. This was attributable to the decrease in cash and cash equivalents amounting to P137.57 million during the period. The amount of cash was mainly used to finance the cost of additional property and equipment amounting to P77.05 million, and to pay outstanding liabilities amounting to P54.61 million. The cash was also used to cover overhead expenses.

The decrease in current assets was also due to 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 P7.80 million and P8.67 million, respectively.

The increase in the short-term installment contracts receivable amounting to P7.57 million and in the value of financial assets amounting to P6.37 million were not able to mitigate the impact of the decrease in cash and cash equivalents.

Non-Current Assets

Total non-current assets increased by 7.27% or P93.49 million from P1.280 billion as of December 31, 2008 to P1.373 billion as of September 30, 2009. This was largely attributed to the cost of additional property and equipment amounting to P77.05 million, which mainly pertains to the cost of the on-going construction of building that will house the Group's office and various commercial spaces for lease. Also contributed to the increase in non-current assets was the increase in the cost of investment properties amounting to P9.21 million, representing capitalized titling costs for the land properties in Batangas and Taguig. Other non-current assets composed mainly of input taxes also increased by P6.70 million during the period.

Liabilities and Stockholders' Equity

Total liabilities decreased by 21.48% or P54.61 million from P254.28 million as of December 31, 2008 to P199.67 million as of September 30, 2009. This was due to the payment of accounts payable amounting to P49.21 million, which mostly pertains to the payment of the outstanding balance of the purchase price of investment properties. Also, due to related parties decreased by P5.40 million representing payments for advances received from a related party used to acquire a land property in the previous years.

Stockholders' equity increased by P6.93 million to P1.505 billion while minority interest in net assets decreased by P0.27 million to P142.00 million due to the result of operations during the period.

Discussions on Results of Operation

Account (P'000'000)	Sep 30 YTD 2009 (Unaudited)	Sep 30 YTD 2008 (Unaudited)
Real estate sales	21.02	29.75
Sale of medical goods & services	32.16	0.00
Interest income	5.08	8.28
Other income	7.10	2.98
Cost of sales & services	26.76	17.93
Employee compensation and benefits	10.41	2.71
Operating costs and other expenses	21.53	22.51
Net income (loss)	6.66	(2.14)

Total revenues increased by 59.34% or P24.34 million from P41.02 million by the end of the third quarter of 2008 to P65.36 million by the end of the third quarter of 2009. This was due primarily to the sale of medical goods and services which amounted to P32.16 million and represented 49% of total revenues. Representing 32% of total revenues, real estate sales from the Palma Real Residential Estates and the Cypress Towers projects amounted to P21.02 million and posted a 29.33% or P8.73 million decrease from 2008. Other income increased by 138.26% due to the increase in fair value of financial assets. On the other hand, interest income declined by 38.65% due to the corresponding decline in cash and cash equivalents.

Total costs and expenses increased by 36.04% or P15.55 million from P43.15 million by the end of the third quarter of 2008 to P58.70 million by the end of the third quarter of 2009. This was attributed to the costs and expenses incurred by the clinic operations which amounted to P33.64 million. This was not mitigated by the decrease in the costs and expenses incurred by the real estate operations amounting to P18.09 million. Cost of sales and services, which includes the cost of real estate properties, medical goods and services, amounted to P26.76 million representing a 49.25% increase from 2008. Employee compensation and benefits also increased by 284.13% or P7.70 million. On the other hand, operating costs and other expenses decreased by 4.35%.

The third quarter of 2009 posted a net income of P6.66 million, translating to an earnings per share of P0.0005, as opposed to a net loss amounting to P2.14 million, translating to a loss per share of P0.0004, during the third quarter of 2008. This was attributed to the income generated from real estate sales during the period.

Key Performance Indicators

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

Indicator	As of		Formula
	Sep 2009	Dec 2008	
Investments Ratio	0.60	0.58	$\frac{\text{Total Investments and Advances}}{\text{Total Assets}}$
Current Ratio	2.41	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		
	Sep 2009	Sep 2008	
Return on Assets	0.004	(0.002)	$\frac{\text{EBIT}}{\text{Total Assets}}$
Earnings (Loss) Per Share	0.0005	(0.0004)	$\frac{\text{Net Income}}{\text{Total Shares Subscribed}}$

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 September 30, 2009. This is due to the additional costs incurred to bring the land properties to the condition necessary for their intended use.

Current ratio decreased from 2.45 at the end of 2008 to 2.41 as of September 30, 2009 due to the amount of cash used to finance the construction of building and to cover overhead expenses.

The decrease in liabilities, particularly accounts payable arising from purchase of land properties, resulted to a lower debt ratio of 0.11 as of September 30, 2009 compared to 0.13 as of the end of 2008.

Since the Group realized a net income from operations during the period, return on assets registered 0.004 in September 2009 compared to a negative return on assets of 0.002 for September 2008. Consequently, on a per share basis, the Company registered a net income of P0.0005 for the period ended September 30, 2009 compared to a net loss of P0.0004 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 (Group) 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 Group'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 Group'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 Group'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 Group that is likely to result in the Group'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 Group, 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 Group with unconsolidated entities or other persons created during the reporting period.

As of this report, the Group 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 Group.

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 **November 4, 2009**

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

Date **November 4, 2009**

**CROWN EQUITIES, INC.
and SUBSIDIARIES**

UNAUDITED FINANCIAL STATEMENTS

September 30, 2009

Philippine Pesos

CROWN EQUITIES, INC. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30 2009 (Unaudited)	December 31 2008 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	73,881,894	211,448,536
Financial assets at fair value through profit and loss	15,075,737	8,710,098
Installment contracts receivable	46,522,695	38,950,397
Receivables and advances - net	38,013,918	45,817,373
Inventories	289,454,579	298,129,384
Other current assets	10,334,002	11,667,022
Total Current Assets	473,282,825	614,722,810
Non-current Assets		
Installment contracts receivable	42,945,385	39,884,868
Investments in and advances to related parties-net	330,201,320	330,396,702
Investment properties-net	776,404,115	767,192,711
Property and equipment, net	159,194,412	84,485,281
Goodwill	21,740,604	21,740,604
Other non-current assets	42,600,968	35,895,563
Total Non-current Assets	1,373,086,804	1,279,595,729
TOTAL ASSETS	1,846,369,629	1,894,318,539
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and other liabilities	79,811,502	129,021,124
Due to related parties	74,751,807	80,153,569
Subscriptions payable	42,158,700	42,158,700
Total Current Liabilities	196,722,009	251,333,393
Retirement Benefit Obligation	2,948,259	2,948,259
Total Liabilities	199,670,268	254,281,652
Equity		
Attributable to parent company shareholders	1,504,696,537	1,497,767,591
Attributable to minority interest	142,002,824	142,269,296
Total Equity	1,646,699,361	1,640,036,887
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	1,846,369,629	1,894,318,539

CROWN EQUITIES, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	For the third quarter ended		Year-to-date ended	
	September 30 2009 (Unaudited)	September 30 2008 (Unaudited)	September 30 2009 (Unaudited)	September 30 2008 (Unaudited)
REVENUES				
Real estate sales	5,521,480	22,772,271	21,024,706	29,751,703
Sale of medical goods & services	10,571,272	-	32,161,051	-
Interest income	1,694,808	5,853,421	5,075,235	8,281,135
Other income	5,660,153	1,721,270	7,099,758	2,983,687
TOTAL	23,447,714	30,346,962	65,360,750	41,016,525
COST & EXPENSES				
Cost of sales and services	5,770,056	13,791,871	26,762,223	17,927,600
Employee compensation & benefits	3,346,450	1,784,710	10,407,394	2,709,736
Professional fees	1,014,290	1,152,107	3,174,355	2,103,923
Commission	430,985	1,979,015	1,969,204	3,541,294
Depreciation and amortization	695,145	1,242,118	2,336,977	1,843,834
Rental	1,502,494	655,455	4,091,722	1,118,781
Taxes and Licenses	250,144	505,538	1,309,147	507,912
Impairment loss on assets and other losses	-	3,957,856	-	4,834,095
Other operating expenses	5,526,455	6,534,700	8,230,200	8,566,407
TOTAL	18,536,019	31,603,371	58,281,222	43,153,582
INCOME (LOSS) BEFORE TAX	4,911,695	(1,256,409)	7,079,528	(2,137,057)
TAX EXPENSE	(31,934)	-	417,055	-
NET INCOME (LOSS)	4,943,629	(1,256,409)	6,662,473	(2,137,057)
Net Income (Loss) Attributable to:				
Shareholders of Crown Equities, Inc.	5,567,883	444,126	6,928,945	(5,458,384)
Minority Interest	(624,253)	2,432,226	(266,472)	3,321,327
	4,943,630	2,876,352	6,662,473	(2,137,057)
Earnings (Loss) Per Share	0.000409	0.000033	0.000509	(0.000401)

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

	For the third quarter ended		Year to date	
	September 30 2009 (Unaudited)	September 30 2008 (Unaudited)	September 30 2009 (Unaudited)	September 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	49,050,501	44,061,522	49,050,501	44,061,522
Net income(loss)	6,928,945	(5,458,384)	6,928,945	(5,458,384)
Balance, end	55,979,446	38,603,138	55,979,446	38,603,138
Minority Interest				
Balance, beginning	142,269,296	136,806,225	142,269,296	136,806,225
Share in net income(loss)	(266,472)	3,321,327	(266,472)	3,321,327
Balance, end	142,002,824	140,127,552	142,002,824	140,127,552
TOTAL EQUITY	1,646,699,361	1,627,447,781	1,646,699,361	1,627,447,781

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

	For the third quarter ended		Year-to-date ended	
	September 30	September 30	September 30	September 30
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash Flows from Operating Activities				
Net (loss) income	5,567,883	(887,589)	6,928,945	(5,458,384)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Interest income	(1,694,808)	(1,862,652)	(5,075,235)	(8,281,135)
Depreciation and amortization	695,145	401,417	2,336,977	1,843,834
Operating Income before working capital changes	4,568,220	(2,348,824)	4,190,687	(11,895,685)
Decrease (increase) in receivables and advances	(2,906,631)	7,100,319	7,803,455	16,739,073
Decrease (increase) in other current assets	352,040	(1,143,478)	1,333,020	(16,354,804)
Decrease (increase) in installment contracts receivable	(553,430)	1	(10,632,815)	2,000,000
Decrease (increase) in other non-current assets	(1,895,139)	(2,382,038)	(6,705,405)	(42,143,799)
Increase (decrease) in accts. payable and other current liab.	(2,806,654)	(2,123,561)	(49,209,621)	86,225,666
Increase (decrease) in due to related parties	(0)	-	(5,401,762)	(11,000,000)
Cash generated from (used in) operations	(3,241,594)	(897,583)	(58,622,442)	23,570,451
Cash paid for income taxes	-	-	-	-
Net Cash Provided (used) by Operating Activities	(3,241,594)	(897,583)	(58,622,442)	23,570,451
Cash Flows from Investing Activities				
Decrease (increase) in investments in and adv. to related parties	253,461	(2,686)	195,382	(59,069)
Decrease (increase) in inventories	(151,412)	1,622,493	8,674,805	15,984,957
Decrease (increase) in investment in financial assets	(2,034,735)	3,037,430	(6,365,639)	(343,707)
Interest received	1,694,808	1,862,652	5,075,235	8,281,135
Decrease (increase) in property and equipment	(12,359,749)	(27,417,087)	(77,046,108)	(32,718,980)
Decrease (increase) in investment property	(1,815,891)	1,043,160	(9,211,404)	(48,135,388)
Net Cash Used in Investing Activities	(14,413,517)	(19,854,038)	(78,677,728)	(56,991,052)
Cash Flows from Financing Activities				
Increase (decrease) in minority interest	(624,253)	554,669	(266,472)	3,321,327
Net Cash Provided by (Used in) Financing Activities	(624,253)	554,669	(266,472)	3,321,327
Decrease in Cash and Cash Equivalents	(18,279,364)	(20,196,952)	(137,566,642)	(30,099,274)
Cash and Cash Equivalents, Beginning	92,161,258	266,897,907	211,448,536	276,800,230
Cash and Cash Equivalents, End	73,881,894	246,700,955	73,881,894	246,700,955

CROWN EQUITIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 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 Group 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 Group's 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 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 September 30 2009	As of September 30 2008
Net Income (loss)	P 6,928,845	P (5,458,384)
Divided by weighted Average number of Outstanding common shares	13,599,999,960	13,599,999,960
Income (loss) per share	P 0.000509	P (0.000401)

CROWN EQUITIES, INC. AND SUBSIDIARIES

Aging of Accounts Receivable

As of September 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	2-5 years	5 yrs. & above	Past due accounts & items in litigation
a. Trade Receivable									
1.) Installment Contract Receivable	89,468,080.31	770,321.60	1,126,391.06	1,642,059.11	3,095,968.54	11,657,881.23	14,336,268.96	56,839,189.82	-
Less: Allowance for doubtful account	-								
Net Trade Receivable	89,468,080.31	770,321.60	1,126,391.06	1,642,059.11	3,095,968.54	11,657,881.23	14,336,268.96	56,839,189.82	-
b. Non-Trade Receivable									
1.) Advances to Contractors	12,741,843.16						12,741,843.16		
2.) Others	38,013,918.44			38,013,918.44					
Sub-total	50,755,761.60			38,013,918.44			12,741,843.16		
Less: Allowance for doubtful account	12,741,843.16			-			12,741,843.16		
Net Non-trade Receivable	38,013,918.44			38,013,918.44			-		
Net Receivables (a+b)	127,481,998.76								

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 Lots	
c. Others	Various receivables	Various

3. Normal operating cycle:

Various