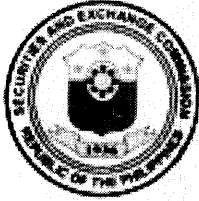




111142018002107



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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### Company Information

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**SEC Registration No.** 0000039745  
**Company Name** CROWN EQUITIES INC.  
**Industry Classification**  
**Company Type** Stock Corporation

### Document Information

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**Document ID** 111142018002107  
**Document Type** 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)  
**Document Code** 17-Q  
**Period Covered** September 30, 2018  
**No. of Days Late** 0  
**Department** CFD  
**Remarks**

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, 2018
2. Commission Identification Number: 38745                      3. BIR Tax Identification No.: 002-837-461
4. Exact name of issuer as specified in its charter: CROWN EQUITIES, INC.
5. Province, country or other jurisdiction of in Company or organization: Philippines
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office:                      Postal Code: 1209  
Crown Center, 158 Jupiter Corner N. Garcia Street, Bel-Air, Makati City
8. Issuer's telephone number, including area code: (632) 899-04-55
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<br/>stock outstanding and amount<br/>of debt outstanding</u> |
|----------------------------|--|
| <b>Common</b>              | <b>13,599,999,960 shares</b>   |

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 Company 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

# COVER SHEET

A - 1 9 9 6 - 3 9 7 4 5

S.E.C. Registration Number

C R O W N   E Q U I T I E S ,   I N C .   A N D   S U B S I  
 D I A R I E S

(Group's Full Name)

C r o w n   C e n t e r ,   1 5 8   J u p i t e r   c o r n  
 e r   N .   G a r c i a   S t r e e t s ,   M a k a t i C  
 i t y

(Business Address : No. Street Group / Town / Province)

Atty. Elmer B. Serrano

Contact Person

899-0081

Group Telephone Number

1 2   3 1

Month   Day

FORM TYPE

FORM TYPE

Month   Day

Annual Meeting

Secondary License Type, If Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Dept. Requiring this Doc.

Amended Articles Number/Section

Amended Articles Number/Section

Total No. of Stockholders

Total No. of Stockholders

Total Amount of Borrowings

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

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Document I.D.

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## 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

#### CROWN EQUITIES, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|  | Sept. 30, 2018<br>(Unaudited) | Dec. 31, 2017<br>(Audited) | Increase<br>(Decrease) | % Change       |
|--|-------------------------------|----------------------------|------------------------|----------------|
| <b>ASSETS</b>  |                               |                            |                        |                |
| <b>Current Assets</b>  |                               |                            |                        |                |
| Cash and cash equivalents  | 575.93                        | 264.39                     | 311.54                 | 117.84%        |
| Financial assets at fair value through profit or loss                        | 105.97                        | 67.36                      | 38.61                  | 57.32%         |
| Installment contract receivables - current portion                           | 16.43                         | 13.90                      | 2.53                   | 18.22%         |
| Trade and other receivables - net  | 48.91                         | 57.61                      | (8.70)                 | -15.11%        |
| Loan receivable - current portion  | 50.00                         | 10.00                      | 40.00                  | 400.00%        |
| Inventories  | 170.73                        | 172.65                     | (1.92)                 | -1.11%         |
| Assets held for sale   | -                             | 361.28                     | (361.28)               | -100.00%       |
| Other current assets   | 32.68                         | 29.22                      | 3.46                   | 11.86%         |
| <b>Total Current Assets</b>  | <b>1,000.65</b>               | <b>976.41</b>              | <b>24.24</b>           | <b>2.48%</b>   |
| <b>Noncurrent Assets</b>   |                               |                            |                        |                |
| Available-for-sale financial asset   | 47.34                         | 47.34                      | -                      | 0.00%          |
| Installment contracts receivable - net of current portion                    | 64.47                         | 58.64                      | 5.83                   | 9.94%          |
| Property and equipment - net   | 268.67                        | 271.54                     | (2.87)                 | -1.06%         |
| Investment properties - net  | 797.43                        | 698.17                     | 99.26                  | 14.22%         |
| Goodwill   | 21.74                         | 21.74                      | -                      | 0.00%          |
| Other noncurrent assets  | 37.55                         | 38.92                      | (1.37)                 | -3.52%         |
| <b>Total Noncurrent Assets</b>   | <b>1,237.21</b>               | <b>1,136.35</b>            | <b>100.86</b>          | <b>8.88%</b>   |
|  | <b>2,237.86</b>               | <b>2,112.76</b>            | <b>125.10</b>          | <b>5.92%</b>   |
| <b>LIABILITIES AND EQUITY</b>  |                               |                            |                        |                |
| <b>Current Liabilities</b>   |                               |                            |                        |                |
| Accounts payable and other liabilities                                       | 176.90                        | 177.55                     | (0.65)                 | -0.37%         |
| Due to related parties   | -                             | 16.88                      | (16.88)                | -100.00%       |
| Income tax payable   | 3.81                          | 2.04                       | 1.77                   | 86.55%         |
| Liabilities directly associated with assets held for sale                    | -                             | 42.16                      | (42.16)                | -100.00%       |
| <b>Total Current Liabilities</b>   | <b>180.71</b>                 | <b>238.62</b>              | <b>(57.92)</b>         | <b>-24.27%</b> |
| <b>Noncurrent Liability</b>  |                               |                            |                        |                |
| Retirement liability   | 14.61                         | 13.14                      | 1.48                   | 11.24%         |
| <b>Total Liabilities</b>   | <b>195.32</b>                 | <b>251.76</b>              | <b>(56.44)</b>         | <b>-22.42%</b> |
| <b>Equity</b>  |                               |                            |                        |                |
| Capital stock  | 1,351.79                      | 1,348.04                   | 3.75                   | 0.28%          |
| Additional paid-in capital   | 118.57                        | 118.57                     | -                      | 0.00%          |
| Retained earnings  | 435.30                        | 243.10                     | 192.20                 | 79.06%         |
| <b>Total Equity Attributable to Equity Holders of<br/>the Parent Company</b> | <b>1,905.65</b>               | <b>1,709.70</b>            | <b>195.95</b>          | <b>11.46%</b>  |
| Non-controlling interests  | 136.89                        | 151.30                     | (14.41)                | -9.53%         |
| <b>Total Equity</b>  | <b>2,042.54</b>               | <b>1,861.00</b>            | <b>181.54</b>          | <b>9.75%</b>   |
|  | <b>2,237.86</b>               | <b>2,112.76</b>            | <b>125.10</b>          | <b>5.92%</b>   |

### Total Assets

Total assets posted an increase of ₱125.10 million or 5.92% as of September 30, 2018 primarily attributable to the growth in non-current assets by ₱100.86 million or 8.88%. Current assets also increased by ₱24.24 million or 2.48%.

### Current Assets

Total current assets increased to ₱1,000.65 million as of September 30, 2018, ₱24.24 million or 2.48% higher than the ₱976.41 million as of December 31, 2017. Cash increased by ₱311.54 million or 117.84% primarily coming from the sale of investment in Sky Leisure Properties as reduced by the cost of the acquisition of investment property in Taguig City. The financial assets at fair value through profit or loss increased by ₱38.61 million or 57.32% resulting from the additional investment in the equities market. Installment contract receivable- current increased to ₱16.43 million as of September 30, 2018 from ₱13.90 million as of December 31, 2017 due to recognized sales for the period. The increase in recognized sales resulted in a decrease in inventories by ₱1.92 million or 1.11%. Collection from joint venture partners primarily decreased receivable by ₱8.70 million or 15.11%. Other current assets, on the other hand, increased by ₱3.46 million or 11.86% due to the creditable withholding tax during the period. Loan receivable also increased as the Parent Company granted a short-term loan.

### Noncurrent Assets

Noncurrent assets increased by ₱100.86 million or 8.88%. Installment contract receivable increased to ₱64.47 million as of September 30, 2018 from ₱58.64 million as of December 31, 2017 due to recognized sales for the period. The increase in noncurrent assets amounting to ₱99.26 million was mainly driven by the net effect of the acquisition of real properties in Taguig City and the impairment of investment properties in Batangas and Bulacan. Other non-current asset also decreased by 3.52% or ₱1.37 million due mainly to the utilization of input tax.

### Liabilities and Stockholders' Equity

Total liabilities for the period decreased by ₱56.44 million or 22.42% from ₱251.76 million as of year-end 2017 to ₱195.32 million as of September 30, 2018. This was mainly attributable to the settlement of liabilities directly associated with assets held for sale.

Meanwhile, stockholders' equity increased by ₱181.54 million or 9.75% due to the positive bottom line figure posted for the nine months period ending September 30, 2018.

Discussions on Results of Operation

**CROWN EQUITIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

|   | Year to Date Ended September 30 |                    |                    |                |
|---|---------------------------------|--------------------|--------------------|----------------|
|   | 2018                            | 2017               | Increase           | %              |
|   | (Unaudited)                     | (Unaudited)        | (Decrease)         | Change         |
| <b>REVENUES</b>                             |                                 |                    |                    |                |
| Real estate sales                           | 79,342,348                      | 43,883,079         | 35,459,269         | 80.80%         |
| Sale of goods and services                  | 60,168,849                      | 46,997,503         | 13,171,346         | 28.03%         |
| Interest on installment contract receivable | 15,737,860                      | 9,283,450          | 6,454,410          | 69.53%         |
| Interest on loans                           | 536,111                         | 750,000            | (213,889)          | -28.52%        |
| Rent income                                 | 9,681,215                       | 8,160,237          | 1,520,978          | 18.64%         |
| Dividend income                             | 2,104,340                       | 1,432,909          | 671,431            | 46.86%         |
|   | <b>167,570,723</b>              | <b>110,507,178</b> | <b>57,063,545</b>  | <b>51.64%</b>  |
| <b>COST AND EXPENSES</b>                    |                                 |                    |                    |                |
| Cost of real estate sales                   | 33,134,962                      | 21,178,524         | 11,956,438         | 56.46%         |
| Cost of medical goods and services          | 24,467,398                      | 15,645,773         | 8,821,625          | 56.38%         |
| Salaries and employee benefits              | 36,231,470                      | 34,562,609         | 1,668,861          | 4.83%          |
| Depreciation and amortization               | 10,641,282                      | 9,741,240          | 900,042            | 9.24%          |
| Commission                                  | 9,976,139                       | 3,159,711          | 6,816,428          | 215.73%        |
| Other operating expenses                    | 105,833,603                     | 28,004,830         | 77,828,773         | 277.91%        |
|   | <b>220,284,854</b>              | <b>112,292,687</b> | <b>107,992,167</b> | <b>96.17%</b>  |
| <b>OTHER INCOME- Net</b>                    | <b>240,570,627</b>              | <b>23,479,204</b>  | <b>217,091,423</b> | <b>924.61%</b> |
| <b>INCOME BEFORE INCOME TAX</b>             | <b>187,856,496</b>              | <b>21,693,695</b>  | <b>166,162,801</b> | <b>765.95%</b> |
| <b>INCOME TAX EXPENSE- Net</b>              | <b>10,067,397</b>               | <b>4,918,766</b>   | <b>5,148,631</b>   | <b>104.67%</b> |
| <b>NET INCOME/(LOSS)</b>                    | <b>177,789,099</b>              | <b>16,774,929</b>  | <b>161,014,170</b> | <b>959.85%</b> |

Total revenue as of September 30, 2018 amounted to ₱167.57 million. This is a 51.64% or ₱57.06 million higher than the revenue from the same period in 2017. Revenues from real estate sales and real estate related interest income account for 56.74% of the total revenues. Real estate sales amounted to ₱79.34 million which is 80.80% higher than the ₱43.83 million recorded last year. The related interest on installment contracts receivable likewise increased by 69.53% or ₱6.45 million higher from the previous period's ₱9.28 million. There are more real estate lots and houses recognized sold during the period compared to those recognized for the same period in 2017.

Meanwhile, the sale of goods and services amounted to ₱60.17 million or 35.91% of the total revenues. The healthcare business revenue amounted to ₱53.62 or equivalent to 14.09% sales growth compared to ₱47 million in the same period last year.

Cost of real estate sales significantly increased as of September 30, 2018 by 56.46% attributable to higher recognized real estate sales. Likewise, commission increased to ₱9.98 million due to outright recognition of commission expense. Also, the cost of medical goods and services increased by 14.52% or ₱2.27 million compared to the same period last year.

Other income increased by ₱240.57 million primarily accounted to the sale of investment in joint venture net of impairment of investment properties, resulting to an income before tax of ₱187.86 million compared to a net income before tax of ₱21.69 million last year.

### Key Performance Indicators

| Indicator                | As of    |          |            |         | Formula  |
|--------------------------|----------|----------|------------|---------|--|
|                          | Sep-18   | Jun-18   | Mar-18     | Dec-17  |  |
| Current Ratio            | 5.54x    | 5.16x    | 3.12x      | 4.09x   | $\frac{\text{Current Assets}}{\text{Current Liabilities}}$                         |
| Cash Ratio               | 3.19x    | 3.16x    | 0.49x      | 1.11x   | $\frac{\text{Cash and Cash equivalents}}{\text{Current Liabilities}}$              |
| Debt-Equity Ratio        | 0.10x    | 0.10x    | 0.14x      | 0.14x   | $\frac{\text{Total Liabilities}}{\text{Total Equity}}$                             |
| Debt-Asset Ratio         | 0.09x    | 0.09x    | 0.12x      | 0.12x   | $\frac{\text{Total Liabilities}}{\text{Total Assets}}$                             |
| Asset-Equity Ratio       | 1.10x    | 1.10x    | 1.14x      | 1.14x   | $\frac{\text{Total Asset}}{\text{Total Equity}}$                                   |
| Investment Ratio         | 0.36x    | 0.36x    | 0.44x      | 0.33x   | $\frac{\text{Total Investment and Advances}}{\text{Total Asset}}$                  |
|                          | YTD      |          |            |         |  |
|                          | Sep-18   | Jun-18   | Mar-18     | Dec-17  |  |
| Interest Coverage Ratio  | Nil      | Nil      | Nil        | Nil     | $\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense}}$        |
| Net Income Margin        | 106.10%  | 153.26%  | 0.79%      | 84.94%  | $\frac{\text{Net Income}}{\text{Net Revenue}}$                                     |
| Return on Assets         | 8.17%    | 7.30%    | 0.02%      | 6.30%   | $\frac{\text{Net Income}}{\text{Average Total Assets}}$                            |
| Earnings(Loss) Per Share | 0.014133 | 0.012992 | (0.000163) | 0.00889 | $\frac{\text{Net Income after Minority Interest}}{\text{Total Shares Subscribed}}$ |

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

#### Liquidity

As of September 30, 2018, current ratio is 5.54x and 4.09x as of September 30, 2018 and December 31, 2017 respectively. Cash ratio during the period increased to 3.19x from 1.11x as of September 30, 2018 and December 31, 2017, respectively. The increase in cash balance as well as the decrease in total current liabilities causes the increase in cash ratio. Liquidity position significantly increased during the period. Liquidity position significantly increased during the period.

#### Solvency / Leverage

Leverage stance remained low as of September 30, 2018 having debt-equity at 0.10x, debt-asset ratio at 0.09x and asset-equity ratio at 1.10x due to the Corporation's efficient management of its liabilities. The company has a nil interest coverage ratio as it has not incurred any interest expense for the period.

#### Investment Ratio

Continued competence of the Corporation's investments made investment ratio of 0.36x and 0.33x, as of September 30, 2018 and December 31, 2017 respectively.

Profitability

Net income margin significantly increased to 106.10% as of September 30, 2018. The Company has recognized huge income primarily due to sale of investment for the period.

Return on Assets

The return on assets as of September 30, 2018 increased to 8.17% due to recognized income as of September 30, 2018

Earnings per Share

As a result of the increase in the Company's profitability for the year ended September 30, 2018, income per share is higher at 0.014133 compared to 0.000889 as of December 31, 2017. The Company's number of outstanding shares has been fixed for the past five years.



## 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 no significant investment in any complex financial instruments. They have neither foreign currency denominated nor local peso-denominated loans. The Company's financial risk exposure is limited to its investments reported as "Financial Assets at Fair Value through Profit and Loss" in its Statement of Financial Position. But this exposure is insignificant being less than five percent (5%) of the Company's total asset base. Moreover, these investments in the local and foreign 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.

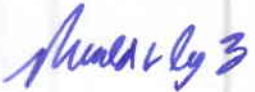
**SIGNATURES**

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.

**CROWN EQUITIES, INC.**

By:

  
**Eugene B. Macalalag**  
First Vice President

  
**Romuald U. Dy Tang**  
President

Date: November 12, 2018

**CROWN EQUITIES, INC. AND SUBSIDIARIES**

**UNAUDITED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**CROWN EQUITIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

|  | Sept. 30, 2018       | Dec. 31, 2017        |
|--|----------------------|----------------------|
|  | Unaudited            | Audited              |
| <b>ASSETS</b>  |                      |                      |
| <b>Current Assets</b>  |                      |                      |
| Cash and cash equivalents  | 575,929,915          | 264,388,005          |
| Financial assets at fair value through profit or loss                    | 105,966,638          | 67,357,783           |
| Installment contract receivables - current portion                       | 16,427,818           | 13,895,923           |
| Trade and other receivables - net  | 48,911,758           | 57,614,437           |
| Loan receivable - current portion  | 50,000,000           | 10,000,000           |
| Inventories  | 170,732,043          | 172,652,090          |
| Assets held for sale   | -                    | 361,282,867          |
| Other current assets   | 32,680,670           | 29,216,395           |
| <b>Total Current Assets</b>  | <b>1,000,648,842</b> | <b>976,407,500</b>   |
| <b>Noncurrent Assets</b>   |                      |                      |
| Available-for-sale financial asset                                       | 47,344,659           | 47,344,659           |
| Installment contracts receivable - net of current portion                | 64,466,979           | 58,636,222           |
| Property and equipment - net   | 268,670,220          | 271,540,545          |
| Investment properties - net  | 797,434,087          | 698,169,105          |
| Goodwill   | 21,740,604           | 21,740,604           |
| Other noncurrent assets  | 37,553,592           | 38,923,609           |
| <b>Total Noncurrent Assets</b>   | <b>1,237,210,141</b> | <b>1,136,354,744</b> |
|  | <b>2,237,858,983</b> | <b>2,112,762,244</b> |
| <b>LIABILITIES AND EQUITY</b>  |                      |                      |
| <b>Current Liabilities</b>   |                      |                      |
| Accounts payable and other liabilities                                   | 176,897,388          | 177,548,684          |
| Due to related parties   | -                    | 16,875,000           |
| Income tax payable   | 3,807,690            | 2,041,055            |
| Liabilities directly associated with assets held for sale                | -                    | 42,158,700           |
| <b>Total Current Liabilities</b>   | <b>180,705,078</b>   | <b>238,623,439</b>   |
| <b>Noncurrent Liability</b>  |                      |                      |
| Retirement liability   | 14,613,307           | 13,137,307           |
| <b>Total Liabilities</b>   | <b>195,318,385</b>   | <b>251,760,746</b>   |
| <b>Equity</b>  |                      |                      |
| Capital stock  | 1,351,785,906        | 1,348,035,906        |
| Additional paid-in capital   | 118,570,274          | 118,570,274          |
| Retained earnings  | 435,298,657          | 243,096,103          |
| <b>Total Equity Attributable to Equity Holders of the Parent Company</b> | <b>1,905,654,837</b> | <b>1,709,702,283</b> |
| Non-controlling interests  | 136,885,761          | 151,299,215          |
| <b>Total Equity</b>  | <b>2,042,540,598</b> | <b>1,861,001,498</b> |
|  | <b>2,237,858,983</b> | <b>2,112,762,244</b> |

**CROWN EQUITIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

|   | 3rd Quarter Ended September 30 |                     | Year to Date Ended September 30 |                     |
|---|--------------------------------|---------------------|---------------------------------|---------------------|
|   | 2018<br>(Unaudited)            | 2017<br>(Unaudited) | 2018<br>(Unaudited)             | 2017<br>(Unaudited) |
| <b>REVENUES</b>                             |                                |                     |                                 |                     |
| Real estate sales                           | 28,604,299                     | 17,722,552          | 79,342,348                      | 43,883,079          |
| Sale of goods and services                  | 26,261,727                     | 18,412,171          | 60,168,849                      | 46,997,503          |
| Interest on installment contract receivable | 5,268,080                      | 2,950,655           | 15,737,860                      | 9,283,450           |
| Interest on loans                           | 36,111                         | 250,000             | 536,111                         | 750,000             |
| Rent income                                 | 3,296,071                      | 2,805,185           | 9,681,215                       | 8,160,237           |
| Dividend income                             | 757,083                        | 695,915             | 2,104,340                       | 1,432,909           |
|   | <b>64,223,371</b>              | <b>42,836,477</b>   | <b>167,570,723</b>              | <b>110,507,178</b>  |
| <b>COST AND EXPENSES</b>                    |                                |                     |                                 |                     |
| Cost of real estate sales                   | 12,142,785                     | 9,343,768           | 33,134,962                      | 21,178,524          |
| Cost of medical goods and services          | 12,965,734                     | 5,957,598           | 24,467,398                      | 15,645,773          |
| Salaries and employee benefits              | 12,064,803                     | 12,392,489          | 36,231,470                      | 34,562,609          |
| Depreciation and amortization               | 3,679,182                      | 3,136,320           | 10,641,282                      | 9,741,240           |
| Commission                                  | 2,051,076                      | 1,291,228           | 9,976,139                       | 3,159,711           |
| Other operating expenses                    | 11,813,777                     | 9,038,149           | 105,833,603                     | 28,004,830          |
|   | <b>54,717,357</b>              | <b>41,159,552</b>   | <b>220,284,854</b>              | <b>112,292,687</b>  |
| <b>OTHER INCOME- Net</b>                    | <b>14,023,925</b>              | <b>10,330,707</b>   | <b>240,570,627</b>              | <b>23,479,204</b>   |
| <b>INCOME BEFORE INCOME TAX</b>             | <b>23,529,939</b>              | <b>12,007,632</b>   | <b>187,856,496</b>              | <b>21,693,695</b>   |
| <b>INCOME TAX EXPENSE- Net</b>              | <b>4,126,240</b>               | <b>1,809,767</b>    | <b>10,067,397</b>               | <b>4,918,766</b>    |
| <b>NET INCOME/(LOSS)</b>                    | <b>19,403,699</b>              | <b>10,197,865</b>   | <b>177,789,099</b>              | <b>16,774,929</b>   |

**CROWN EQUITIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE QUARTERS ENDED September 30, 2018 AND 2017**

|                                   | 3rd Quarter Ended Sept 30 |                      | Year to Date Ended Sept 30 |                      |
|-----------------------------------|---------------------------|----------------------|----------------------------|----------------------|
|                                   | 2018<br>(Unaudited)       | 2017<br>(Unaudited)  | 2018<br>(Unaudited)        | 2017<br>(Unaudited)  |
| <b>CAPITAL STOCK</b>              |                           |                      |                            |                      |
| Balance –beginning and ending     | 1,351,785,906             | 1,348,035,906        | 1,351,785,906              | 1,348,035,906        |
| <b>ADDITIONAL PAID-IN CAPITAL</b> |                           |                      |                            |                      |
| Balance –beginning and ending     | 118,570,274               | 118,570,274          | 118,570,274                | 118,570,274          |
| <b>RETAINED EARNINGS</b>          |                           |                      |                            |                      |
| Balance – beginning               | 414,967,687               | 121,941,721          | 238,281,082                | 117,373,495          |
| Net income for the period         | 15,515,948                | 9,076,993            | 192,202,553                | 13,645,219           |
| Balance – ending                  | 430,483,635               | 131,018,714          | 430,483,635                | 131,018,714          |
| <b>ACTUARIAL GAINS</b>            |                           |                      |                            |                      |
| Balance – beginning and ending    | 4,815,022                 | 2,515,851            | 4,815,022                  | 2,515,851            |
| Actuarial gains (loss)            | -                         | -                    | -                          | -                    |
| Balance – ending                  | 4,815,022                 | 2,515,851            | 4,815,022                  | 2,515,851            |
| <b>MINORITY INTEREST</b>          |                           |                      |                            |                      |
| Balance – beginning               | 132,998,010               | 162,366,021          | 151,299,215                | 160,357,183          |
| Net income for the period         | 3,887,751                 | 1,120,872            | (14,413,454)               | 3,129,710            |
| Balance – ending                  | 136,885,761               | 163,486,893          | 136,885,761                | 163,486,893          |
| <b>TOTAL EQUITY</b>               | <b>2,042,540,598</b>      | <b>1,763,627,638</b> | <b>2,042,540,598</b>       | <b>1,763,627,638</b> |

**CROWN EQUITIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTERS ENDED SEPTEMBER 30, 2018 AND 2017**

|  | 3rd Quarter Ended Sept. 30 |                     | Year to Date Ended Sept. 30 |                     |
|--|----------------------------|---------------------|-----------------------------|---------------------|
|  | 2018<br>(Unaudited)        | 2017<br>(Unaudited) | 2018<br>(Unaudited)         | 2017<br>(Unaudited) |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                            |                     |                             |                     |
| Income (loss) before income tax  | 23,529,939                 | 12,007,632          | 187,856,496                 | 21,693,695          |
| Adjustments for:   |                            |                     |                             |                     |
| Impairment of Investment Properties  | -                          | -                   | 136,012,728                 | -                   |
| Depreciation and amortization  | 3,679,182                  | 3,136,320           | 10,641,282                  | 9,741,240           |
| Retirement expense   | 492,000                    | 492,000             | 1,476,000                   | 1,476,000           |
| Interest income  | (12,304,043)               | (4,322,465)         | (28,208,370)                | (13,760,560)        |
| Unrealized foreign exchange gain (loss)  | (182,274)                  | (307,998)           | (1,506,871)                 | (584,098)           |
| Gain (Loss) from cancelled contracts and forfeited customers' deposits               | (88,000)                   | -                   | 2,449,460                   | 5,258,472           |
| Dividend income  | (757,083)                  | (695,915)           | (2,104,340)                 | (1,432,909)         |
| Impairment losses on:  |                            |                     |                             |                     |
| Installment contract receivables   | -                          | -                   | -                           | -                   |
| Unrealized (gain) loss in the change in value of financial assets at FVPL            | (3,848,220)                | (6,891,040)         | 3,356,569                   | (12,029,171)        |
| Gain on disposal of property and equipment   | -                          | -                   | -                           | -                   |
| Operating income before working capital changes                                      | 10,521,501                 | 3,418,534           | 309,972,953                 | 10,362,669          |
| Decrease (Increase) in:  |                            |                     |                             |                     |
| Financial assets at fair value through profit or loss                                | (9,483,673)                | 1,224,727           | (41,965,423)                | (18,901,956)        |
| Installment contract receivables   | (629,371)                  | (1,327,043)         | (10,454,176)                | (7,625,182)         |
| Receivables  | 18,006,779                 | (14,400,352)        | 8,702,679                   | (1,770,348)         |
| Inventories  | (3,226,679)                | (2,069,058)         | 1,698,053                   | 2,220,814           |
| Other current assets   | 218,079                    | 560,912             | (3,464,275)                 | (3,843,004)         |
| Increase (decrease) in accounts and other payables                                   | (138,836)                  | 6,246,334           | (2,654,705)                 | 14,075,829          |
| Cash generated from (absorbed by) operations   | 15,267,800                 | (6,345,946)         | 261,835,105                 | (5,481,178)         |
| Interest received  | 12,304,043                 | 4,322,465           | 28,208,370                  | 13,760,560          |
| Dividend received  | 757,083                    | 695,915             | 2,104,340                   | 1,432,909           |
| Benefits paid  | -                          | -                   | -                           | -                   |
| Income taxes paid  | (3,624,716)                | (1,434,621)         | (8,300,762)                 | (4,323,519)         |
| Net cash provided by operating activities  | 24,704,210                 | (2,762,187)         | 283,847,054                 | 5,388,772           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                            |                     |                             |                     |
| Proceeds from sale of assets held for sale   | -                          | -                   | 361,282,867                 | -                   |
| Acquisition of property and equipment  | (4,281,247)                | (1,138,385)         | (6,310,358)                 | (7,445,166)         |
| Acquisition of investment properties   | -                          | -                   | (234,870,840)               | (3,128,262)         |
| Decrease (increase) in:  |                            |                     |                             |                     |
| Loans receivables  | (40,000,000)               | -                   | (40,000,000)                | -                   |
| Other noncurrent assets  | 774,276                    | 111,602             | 1,370,017                   | 406,302             |
| Available for sale financial assets  | -                          | -                   | -                           | -                   |
| Net cash provided by (used in) investing activities                                  | (43,506,971)               | (1,026,783)         | 81,471,685                  | (10,167,126)        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                            |                     |                             |                     |
| Collection of subscriptions receivable   | -                          | -                   | 3,750,000                   | -                   |
| Decrease in liabilities directly associated with assets held for sale                | -                          | -                   | (42,158,700)                | -                   |
| Decrease in due to related parties   | (11,682,693)               | -                   | (16,875,000)                | (10,000,000)        |
| Net cash provided by (used in) financing activities                                  | (11,682,693)               | -                   | (55,283,700)                | (10,000,000)        |
| <b>EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b> |                            |                     |                             |                     |
|  | 182,274                    | 307,998             | 1,506,871                   | 584,098             |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                          | <b>(30,303,180)</b>        | <b>(3,480,972)</b>  | <b>311,541,910</b>          | <b>(14,194,256)</b> |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                                | <b>606,233,095</b>         | <b>257,128,169</b>  | <b>264,388,005</b>          | <b>267,841,454</b>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                                      | <b>575,929,915</b>         | <b>253,647,197</b>  | <b>575,929,915</b>          | <b>253,647,198</b>  |

**CROWN EQUITIES, INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. Reporting Entity**

Crown Equities, Inc. (“CEI” or the “Parent Company”) is an investment holding company incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 24, 1969. The Parent Company’s registered office address is located at the Crown Center, 158 Jupiter corner N. Garcia Streets, Makati City.

The consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries (collectively referred to as the “Group”). The Parent Company’s shares of stock are listed and traded at the Philippine Stock Exchange (PSE).

The Group operates within the Philippines and is mainly involved in real estate business, healthcare services and investment holding. As of September 30, 2018, and 2017, the Parent Company has ownership interests in the following subsidiaries and associates, all incorporated in the Philippines:

|  | Effective<br>Percentage of<br>Ownership |      |
|--|---|------|
|  | 2018                                    | 2017 |
| <b>Subsidiaries</b>  |   |      |
| <i>Real Estate</i>   |   |      |
| Crown Central Properties, Corp. (CCPC) <sup>(a)</sup>        | 48%                                     | 48%  |
| Parkfield Land Holdings, Inc. (PLHI) <sup>(b)</sup>          | 75%                                     | 75%  |
| <i>Healthcare</i>  |   |      |
| Healthcare Systems of Asia Phils., Inc. (HSAPI)              | 97%                                     | 97%  |
| Fortmed Medical Clinics Makati, Inc. (FMCFMI) <sup>(c)</sup> | 97%                                     | 97%  |
| <b>Joint Venture</b>   |   |      |
| Sky Leisure Properties, Inc. (SLPI)                          | -                                       | 50%  |

*(a) Management has determined that the Company has control over the financial and operating policies of CCPC through representation of the Board of Directors.*

*(b) This company has not yet started commercial operations.*

*(c) This represents direct and indirect ownership in 2018 and 2017, respectively.*

**2. Basis of Preparation**

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).



#### Basis of Measurement

The consolidated financial statements of the Group have been prepared on the historical cost basis except for financial assets at fair value through profit or loss (FVPL).

#### Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is also the Parent Company's functional currency. All financial information presented is rounded to the nearest peso, except when otherwise indicated.

#### Basis of Consolidation

The Group obtains and exercises control through voting rights. The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries as enumerated in Note 1, after the elimination of intercompany balances and transactions with subsidiaries, including income, expenses and dividends. Unrealized profits and losses from intercompany transactions are also eliminated in full.

The consolidated financial statements are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented in the consolidated statements of financial position, separately from equity attributable to equity holders of the Parent Company.

Non-controlling interests consist of the interests not held by the Group in PLHI, HSAPI and CCPC as of September 30, 2018 and 2017.

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### **3. 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.

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### **4. Other Information**

#### Business Segment

For management purposes, the Group is organized into three (3) major business segments namely real estate, healthcare services and investment holdings. These are also the basis of the Group in reporting its primary segment information.

- a. 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 involves in delivering out-patient health care service through ambulatory care centers. This includes the sale of medical goods and services.
- c. Investment holdings create project investments and later dispose these investments after creating value.

The following tables present revenue and profit information regarding business segments of the Group for the three-month period ended September 30, 2018 and 2017 and certain assets and liability information regarding industry segments as at September 30, 2018 and 2017 (in thousands).

| <b>Year to Date September 30, 2018</b>           | Real estate      | Healthcare services | Investment Holding | Elimination      | Consolidated     |
|--|------------------|---------------------|--------------------|------------------|------------------|
| <b>REVENUES</b>                                  | 114,628          | 60,169              | 828                | (8,054)          | 167,571          |
| <b>RESULTS</b>                                   |                  |                     |                    |                  |                  |
| Segment results                                  | 180,163          | (854)               | (30)               | -                | 179,279          |
| Interest income                                  | 11,775           | 108                 | 51                 | -                | 11,934           |
| Change in fair value of financial assets at FVPL | (3,357)          | -                   | -                  | -                | (3,357)          |
| Income tax expense                               | (9,512)          | (555)               | -                  | -                | (10,067)         |
| <b>Net Income</b>                                | <b>179,069</b>   | <b>(1,300)</b>      | <b>21</b>          | <b>-</b>         | <b>177,789</b>   |
| <b>ASSETS AND LIABILITIES</b>                    |                  |                     |                    |                  |                  |
| Segment assets                                   | 2,480,580        | 44,184              | 99,408             | (408,054)        | 2,216,118        |
| Intangible assets                                | -                | -                   | 21,741             | -                | 21,741           |
| <b>Total Assets</b>                              | <b>2,480,580</b> | <b>44,184</b>       | <b>121,148</b>     | <b>(408,054)</b> | <b>2,237,859</b> |
| Segment Liabilities                              | 182,198          | 21,259              | 79,227             | (87,366)         | 195,318          |
| <b>OTHER SEGMENT INFORMATION</b>                 |                  |                     |                    |                  |                  |
| Depreciation and amortization                    | 6,662            | 3,095               | 885                | -                | 10,641           |
| Capital expenditure in property and equipment    | 5,308            | 1,002               | -                  | -                | 6,310            |
| Capital expenditure in investment property       | 234,871          | -                   | -                  | -                | 234,871          |
| Investment and advances in a joint venture - net | 382,774          | -                   | 21,329             | (404,103)        | -                |

*Amounts in Php thousands.*

| <b>Year to Date September 30, 2017</b>           | Real estate      | Healthcare services | Investment Holding | Elimination      | Consolidated     |
|--|------------------|---------------------|--------------------|------------------|------------------|
| <b>REVENUES</b>                                  | 65,516           | 46,998              | 801                | (2,808)          | 110,507          |
| <b>RESULTS</b>                                   |                  |                     |                    |                  |                  |
| Segment results                                  | 8,478            | (2,406)             | (134)              | -                | 5,938            |
| Interest income                                  | 3,597            | 130                 | -                  | -                | 3,727            |
| Change in fair value of financial assets at FVPL | 12,029           | -                   | -                  | -                | 12,029           |
| Income tax expense                               | (4,631)          | (288)               | -                  | -                | (4,919)          |
| <b>Net Income</b>                                | <b>19,473</b>    | <b>(2,564)</b>      | <b>(134)</b>       | <b>-</b>         | <b>16,775</b>    |
| <b>ASSETS AND LIABILITIES</b>                    |                  |                     |                    |                  |                  |
| Segment assets                                   | 2,217,133        | 41,260              | 99,467             | (378,514)        | 1,979,346        |
| Intangible assets                                | -                | -                   | 21,741             | -                | 21,741           |
| <b>Total Assets</b>                              | <b>2,217,133</b> | <b>41,260</b>       | <b>121,208</b>     | <b>(378,514)</b> | <b>2,001,087</b> |
| Segment Liabilities                              | 224,009          | 20,983              | 79,387             | (87,258)         | 237,121          |
| <b>OTHER SEGMENT INFORMATION</b>                 |                  |                     |                    |                  |                  |
| Depreciation and amortization                    | 6,060            | 2,796               | 885                | -                | 9,741            |
| Capital expenditure in property and equipment    | 5,367            | 940                 | -                  | -                | 6,307            |
| Capital expenditure in investment property       | 3,128            | -                   | -                  | -                | 3,128            |
| Investment and advances in a joint venture - net | 587,657          | -                   | 23,369             | (376,587)        | 234,439          |

*Amounts in Php thousands.*

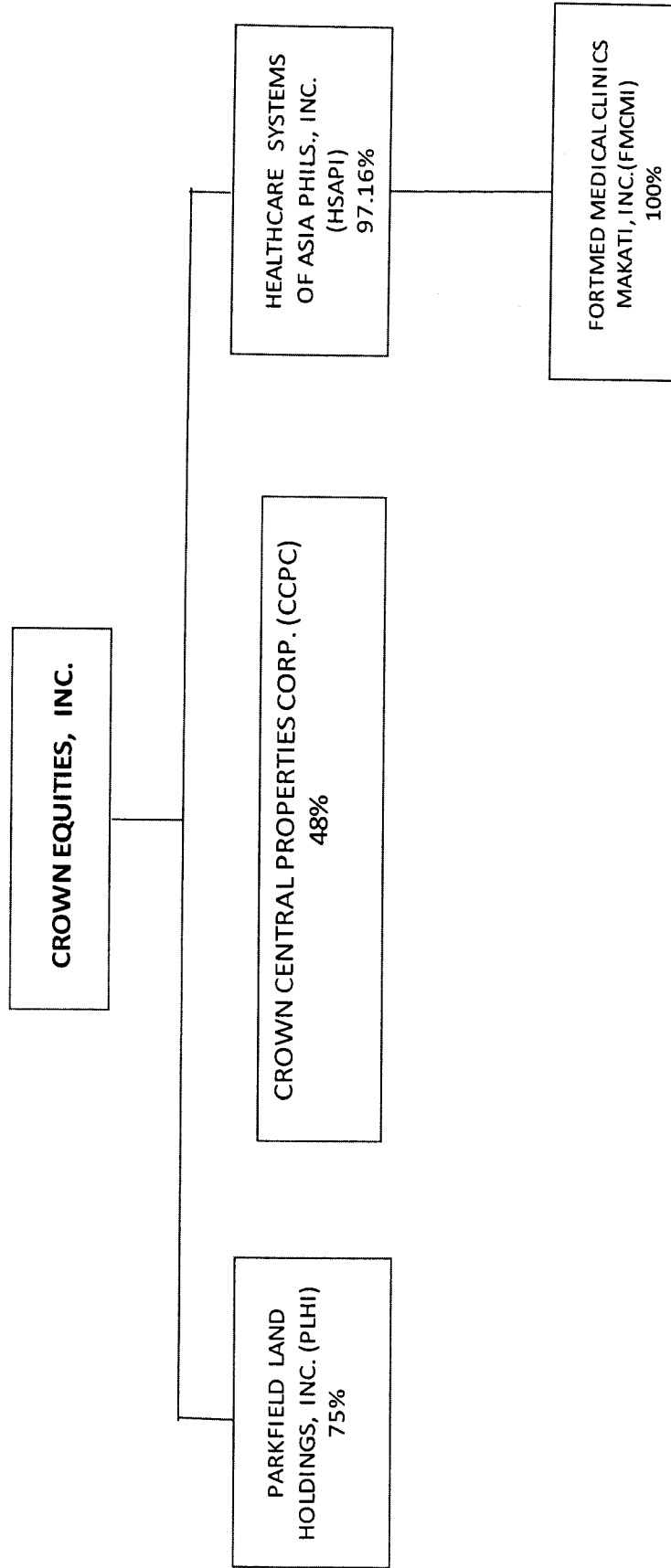
### Income (Loss) Per Share

Income (loss) per share is computed by dividing net income or loss attributable to parent stockholders 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,<br>2018 | As of September 30,<br>2017 |
|---|-----------------------------|-----------------------------|
| Net income (loss) attributable to<br>parent stockholders              | <b>₱192,202,553</b>         | ₱13,645,219                 |
| Divided by weighted<br>Average number of<br>Outstanding common shares | <b>13,599,999,960</b>       | 13,599,999,960              |
| Income (loss) per share   | <b>₱0.014133</b>            | ₱0.001003                   |



CROWN EQUITIES, INC. AND SUBSIDIARIES  
MAP OF CONGLOMERATE  
AS OF SEPTEMBER 30, 2018



**CROWN EQUITIES, INC. AND SUBSIDIARIES**

| <b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b><br>Effective as of September 30, 2018   |  | <b>Adopted</b> | <b>Not<br/>Adopted</b> | <b>Not<br/>Applicable</b> |
|---|--|----------------|------------------------|---------------------------|
| <b>Framework for the Preparation and Presentation of Financial Statements</b><br>Conceptual Framework Phase A: Objectives and qualitative characteristics |  | ✓              |                        |                           |
| <b>PFRSs Practice Statement Management Commentary</b>   |  |                | ✓                      |                           |
| <b>Philippine Financial Reporting Standards</b>   |  |                |                        |                           |
| <b>PFRS 1<br/>(Revised)</b>   | First-time Adoption of Philippine Financial Reporting Standards  | ✓              |                        |                           |
|   | Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate                                   | ✓              |                        |                           |
|   | Amendments to PFRS 1: Additional Exemptions for First-time Adopters  |                |                        | ✓                         |
|   | Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters   |                |                        | ✓                         |
|   | Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters  |                |                        | ✓                         |
|   | Amendments to PFRS 1: Government Loans   |                |                        | ✓                         |
|   | Annual Improvements to PFRSs 2009 – 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards – Repeated Application of PFRS 1 |                |                        | ✓                         |
|   | Annual Improvements to PFRSs 2009 – 2011 Cycle: Borrowing Cost Exemption   |                |                        | ✓                         |
|   | Annual Improvements to PFRSs 2011 – 2013 Cycle: PFRS version that a first-time adopter can apply   | ✓              |                        |                           |
|   | Annual Improvements to PFRSs 2014 – 2016 Cycle: Deletion of short-term exemptions for first-time adopters  |                |                        |                           |
| <b>PFRS 2</b>   | Share-based Payment  |                |                        | ✓                         |
|   | Amendments to PFRS 2: Vesting Conditions and Cancellations   |                |                        | ✓                         |
|   | Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions  |                |                        | ✓                         |
|   | Annual Improvements to PFRSs 2010 – 2012 Cycle: Meaning of 'vesting condition'   |                |                        | ✓                         |
|   | Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions   |                |                        |                           |
| <b>PFRS 3<br/>(Revised)</b>   | Business Combinations  | ✓              |                        |                           |
|   | Annual Improvements to PFRSs 2010 – 2012 Cycle: Classification and measurement of contingent consideration                                       |                |                        | ✓                         |
|   | Annual Improvements to PFRSs 2011 – 2013 Cycle: Scope exclusion for the formation of joint arrangements  |                |                        | ✓                         |
| <b>PFRS 4</b>   | Insurance Contracts  |                |                        | ✓                         |
|   | Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts   |                |                        | ✓                         |
|   | Amendments to PFRS 4: Applying PFRS 9: Financial Instruments with PFRS 4: Insurance Contracts  |                |                        | ✓                         |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS<br>Effective as of September 30, 2018 |   | Adopted | Not<br>Adopted | Not<br>Applicable |
|--|---|---------|----------------|-------------------|
| PFRS 5   | Non-current Assets Held for Sale and Discontinued Operations  |         |                | ✓                 |
|  | Annual Improvements to PFRSs 2012 – 2014 Cycle: Changes in method for disposal  |         |                | ✓                 |
| PFRS 6   | Exploration for and Evaluation of Mineral Resources   |         |                | ✓                 |
| PFRS 7   | Financial Instruments: Disclosures  | ✓       |                |                   |
|  | Amendments to PFRS 7: Transition  |         |                | ✓                 |
|  | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets   | ✓       |                |                   |
|  | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition   | ✓       |                |                   |
|  | Amendments to PFRS 7: Improving Disclosures about Financial Instruments   | ✓       |                |                   |
|  | Amendments to PFRS 7: Disclosures - Transfers of Financial Assets   | ✓       |                |                   |
|  | Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities   | ✓       |                |                   |
|  | Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures   | ✓       |                |                   |
|  | Annual Improvements to PFRSs 2012 – 2014 Cycle: 'Continuing involvement' for servicing contracts  |         |                | ✓                 |
|  | Annual Improvements to PFRSs 2012 – 2014 Cycle: Offsetting disclosures in condensed interim financial statements  |         |                | ✓                 |
| PFRS 8   | Operating Segments  | ✓       |                |                   |
|  | Annual Improvements to PFRSs 2010 – 2012 Cycle: Disclosures on the aggregation of operating segments  | ✓       |                |                   |
| PFRS 9   | Financial Instruments   |         |                |                   |
|  | <i>Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39</i>   |         |                | ✓                 |
| PFRS 9 (2014)  | Financial Instruments   |         | ✓              |                   |
| PFRS 10  | Consolidated Financial Statements   | ✓       |                |                   |
|  | Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance | ✓       |                |                   |
|  | Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities  | ✓       |                |                   |
|  | Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture   | ✓       |                |                   |
|  | Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception  |         |                | ✓                 |
| PFRS 11  | Joint Arrangements  | ✓       |                |                   |
|  | Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance |         |                | ✓                 |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS<br>Effective as of September 30, 2018 |   | Adopted | Not<br>Adopted | Not<br>Applicable |
|--|---|---------|----------------|-------------------|
|  | Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations   |         |                | ✓                 |
| PFRS 12  | Disclosure of Interests in Other Entities   | ✓       |                |                   |
|  | Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance | ✓       |                |                   |
|  | Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities  | ✓       |                |                   |
|  | Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception  |         | ✓              |                   |
|  | Annual Improvements to PFRSs 2014 – 2016 Cycle: Clarification of the scope of the standard  |         |                |                   |
| PFRS 13  | Fair Value Measurement  | ✓       |                |                   |
|  | Annual Improvements to PFRSs 2010 – 2012 Cycle: Measurement of short-term receivables and payables  | ✓       |                |                   |
|  | Annual Improvements to PFRSs 2011 – 2013 Cycle: Scope of portfolio exception  | ✓       |                |                   |
| PFRS 14  | Regulatory Deferral Accounts  | ✓       |                |                   |
| PFRS 15  | Revenue from Contracts with Customers   | ✓       |                |                   |
| PFRS 16  | Leases  | ✓       |                |                   |
| <b>Philippine Accounting Standards</b>   |   |         |                |                   |
| PAS 1<br>(Revised)   | Presentation of Financial Statements  | ✓       |                |                   |
|  | Amendment to PAS 1: Capital Disclosures   | ✓       |                |                   |
|  | Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation   |         |                | ✓                 |
|  | Amendments to PAS 1: Presentation of Items of Other Comprehensive Income  | ✓       |                |                   |
|  | Annual Improvements to PFRSs 2009 – 2011 Cycle: Presentation of Financial Statements – Comparative Information beyond Minimum Requirements                            |         |                | ✓                 |
|  | Annual Improvements to PFRSs 2009 – 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes   |         |                | ✓                 |
|  | Amendments to PAS 1: Disclosure Initiative  |         | ✓              |                   |
| PAS 2  | Inventories   |         |                | ✓                 |
| PAS 7  | Statement of Cash Flows   | ✓       |                |                   |
|  | Amendments to PAS 7: Disclosure Initiative  | ✓       |                |                   |
| PAS 8  | Accounting Policies, Changes in Accounting Estimates and Errors   | ✓       |                |                   |
| PAS 10   | Events after the Reporting Period   | ✓       |                |                   |
| PAS 11   | Construction Contracts  | ✓       |                |                   |
| PAS 12   | Income Taxes  | ✓       |                |                   |



| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS<br>Effective as of September 30, 2018 |   | Adopted | Not<br>Adopted | Not<br>Applicable |
|--|---|---------|----------------|-------------------|
|  | Amendment to PAS 12: Deferred Tax: Recovery of Underlying Assets  | ✓       |                |                   |
|  | Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses  | ✓       |                |                   |
| PAS 16   | Property, Plant and Equipment   | ✓       |                |                   |
|  | Annual Improvements to PFRSs 2009 – 2011 Cycle: Property, Plant and Equipment – Classification of Servicing Equipment                                   | ✓       |                |                   |
|  | Annual Improvements to PFRSs 2010 – 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38) | ✓       |                |                   |
|  | Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization   |         | ✓              |                   |
|  | Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants   |         |                | ✓                 |
| PAS 17   | Leases  | ✓       |                |                   |
| PAS 18   | Revenue   | ✓       |                |                   |
| PAS 19<br>(Amended)  | Employee Benefits   | ✓       |                |                   |
|  | Amendments to PAS 19: Defined Benefit Plans: Employee Contributions   |         |                | ✓                 |
|  | Annual Improvements to PFRSs 2012 – 2014 Cycle: Discount rate in a regional market sharing the same currency – e.g. the Eurozone                        |         |                | ✓                 |
| PAS 20   | Accounting for Government Grants and Disclosure of Government Assistance  |         |                | ✓                 |
| PAS 21   | The Effects of Changes in Foreign Exchange Rates  | ✓       |                |                   |
|  | Amendment: Net Investment in a Foreign Operation  |         |                | ✓                 |
| PAS 23<br>(Revised)  | Borrowing Costs   | ✓       |                |                   |
| PAS 24<br>(Revised)  | Related Party Disclosures   | ✓       |                |                   |
|  | Annual Improvements to PFRSs 2010 – 2012 Cycle: Definition of 'related party'   | ✓       |                |                   |
| PAS 26   | Accounting and Reporting by Retirement Benefit Plans  | ✓       |                |                   |
| PAS 27<br>(Amended)  | Separate Financial Statements   | ✓       |                |                   |
|  | Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities  |         |                |                   |
|  | Amendments to PAS 27: Equity Method in Separate Financial Statements  |         | ✓              |                   |
| PAS 28<br>(Amended)  | Investments in Associates and Joint Ventures  | ✓       |                |                   |
|  | Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture                                 |         |                | ✓                 |
|  | Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception  |         |                |                   |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS<br>Effective as of September 30, 2018 |  | Adopted | Not<br>Adopted | Not<br>Applicable |
|--|--|---------|----------------|-------------------|
|  |  |         | ✓              |                   |
|  | Annual Improvements to PFRSs 2014 – 2016 Cycle:<br>Measuring an associate or joint venture at fair value   | ✓       |                |                   |
| <b>PAS 29</b>  | Financial Reporting in Hyperinflationary Economies   |         |                | ✓                 |
| <b>PAS 32</b>  | Financial Instruments: Disclosure and Presentation   | ✓       |                |                   |
|  | Amendments to PAS 32 and PAS 1: Puttable Financial<br>Instruments and Obligations Arising on Liquidation   |         |                | ✓                 |
|  | Amendment to PAS 32: Classification of Rights Issues   | ✓       |                |                   |
|  | Amendments to PAS 32: Offsetting Financial Assets and<br>Financial Liabilities   | ✓       |                |                   |
|  | Annual Improvements to PFRSs 2009 – 2011 Cycle:<br>Financial Instruments Presentation – Income Tax<br>Consequences of Distributions                              |         |                | ✓                 |
| <b>PAS 33</b>  | Earnings per Share   | ✓       |                |                   |
| <b>PAS 34</b>  | Interim Financial Reporting  |         |                | ✓                 |
|  | Annual Improvements to PFRSs 2009 – 2011 Cycle:<br>Interim Financial Reporting – Segment Assets and<br>Liabilities   |         |                | ✓                 |
|  | Annual Improvements to PFRSs 2012 – 2014 Cycle:<br>Disclosure of information "elsewhere in the interim<br>financial report"                                      |         |                | ✓                 |
| <b>PAS 36</b>  | Impairment of Assets   | ✓       |                |                   |
|  | Amendments to PAS 36: Recoverable Amount<br>Disclosures for Non-Financial Assets   | ✓       |                |                   |
| <b>PAS 37</b>  | Provisions, Contingent Liabilities and Contingent Assets   | ✓       |                |                   |
| <b>PAS 38</b>  | Intangible Assets  | ✓       |                |                   |
|  | Annual Improvements to PFRSs 2010 – 2012 Cycle:<br>Restatement of accumulated depreciation<br>(amortization) on revaluation (Amendments to PAS 16<br>and PAS 38) | ✓       |                |                   |
|  | Amendments to PAS 16 and PAS 38: Clarification of<br>Acceptable Methods of Depreciation and Amortization   |         | ✓              |                   |
| <b>PAS 39</b>  | Financial Instruments: Recognition and Measurement   | ✓       |                |                   |
|  | Amendments to PAS 39: Transition and Initial Recognition<br>of Financial Assets and Financial Liabilities  | ✓       |                |                   |
|  | Amendments to PAS 39: Cash Flow Hedge Accounting<br>of Forecast Intragroup Transactions  |         |                | ✓                 |
|  | Amendments to PAS 39: The Fair Value Option  |         |                | ✓                 |
|  | Amendments to PAS 39 and PFRS 4: Financial Guarantee<br>Contracts  |         |                | ✓                 |
|  | Amendments to PAS 39 and PFRS 7: Reclassification of<br>Financial Assets   | ✓       |                |                   |
|  | Amendments to PAS 39 and PFRS 7: Reclassification of<br>Financial Assets – Effective Date and Transition   | ✓       |                |                   |
|  | Amendments to Philippine Interpretation IFRIC-9 and<br>PAS 39: Embedded Derivatives  | ✓       |                |                   |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS<br>Effective as of September 30, 2018 |  | Adopted | No<br>Adopted | No<br>Applicable |
|--|--|---------|---------------|------------------|
|  | Amendment to PAS 39: Eligible Hedged Items   |         |               | ✓                |
|  | Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting                              |         |               | ✓                |
| PAS 40   | Investment Property  | ✓       |               |                  |
|  | Annual Improvements to PFRSs 2011 – 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)  | ✓       |               |                  |
|  | Amendments to PAS 40: Transfers of Investment Property   |         |               |                  |
| PAS 41   | Agriculture  |         |               | ✓                |
|  | Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants  |         |               | ✓                |
| <b>Philippine Interpretations</b>  |  |         |               |                  |
| IFRIC 1  | Changes in Existing Decommissioning, Restoration and Similar Liabilities                                       |         |               | ✓                |
| IFRIC 2  | Members' Share in Co-operative Entities and Similar Instruments  |         |               | ✓                |
| IFRIC 4  | <i>Determining Whether an Arrangement Contains a Lease</i>   | ✓       |               |                  |
| IFRIC 5  | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds           |         |               | ✓                |
| IFRIC 6  | <i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i> |         |               | ✓                |
| IFRIC 7  | <i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>       |         |               | ✓                |
| IFRIC 9  | Reassessment of Embedded Derivatives   | ✓       |               |                  |
|  | Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives                               | ✓       |               |                  |
| IFRIC 10   | <i>Interim Financial Reporting and Impairment</i>  |         |               | ✓                |
| IFRIC 12   | Service Concession Arrangements  |         |               | ✓                |
| IFRIC 13   | Customer Loyalty Programmes  |         |               | ✓                |
| IFRIC 14   | PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction              |         |               | ✓                |
|  | Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement               |         |               | ✓                |
| IFRIC 16   | Hedges of a Net Investment in a Foreign Operation  |         |               | ✓                |
| IFRIC 17   | Distributions of Non-cash Assets to Owners   |         |               | ✓                |
| IFRIC 18   | Transfers of Assets from Customers   |         |               | ✓                |
| IFRIC 19   | Extinguishing Financial Liabilities with Equity Instruments  |         |               | ✓                |
| IFRIC 20   | Stripping Costs in the Production Phase of a Surface Mine  |         |               | ✓                |
| IFRIC 21   | Levies   |         |               | ✓                |
| IFRIC 22   | Foreign Currency Transactions and Advance Consideration  | ✓       |               |                  |
| SIC-7  | Introduction of the Euro   |         |               | ✓                |
| SIC-10   | Government Assistance - No Specific Relation to Operating Activities   |         |               | ✓                |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS<br>Effective as of September 30, 2018 |  | Adopted | Not<br>Applied | Not<br>Applicable |
|--|--|---------|----------------|-------------------|
| SIC-15   | Operating Leases - Incentives  | ✓       |                |                   |
| SIC-25   | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders                                      |         |                | ✓                 |
| SIC-27   | Evaluating the Substance of Transactions Involving the Legal Form of a Lease                                   | ✓       |                |                   |
| SIC-29   | Service Concession Arrangements: Disclosures.  |         |                | ✓                 |
| SIC-31   | Revenue - Barter Transactions Involving Advertising Services   |         |                | ✓                 |
| SIC-32   | Intangible Assets - Web Site Costs   |         |                | ✓                 |
| <b>Philippine Interpretations Committee Questions and Answers</b>                                  |  |         |                |                   |
| PIC Q&A 2006-01  | PAS 18, Appendix, paragraph 9 – Revenue recognition for sales of property units under pre-completion contracts |         |                | ✓                 |
| PIC Q&A 2006-02  | PAS 27.10(d) – Clarification of criteria for exemption from presenting consolidated financial statements       |         |                | ✓                 |
| PIC Q&A 2007-01-<br>Revised  | PAS 1.103(a) – Basis of preparation of financial statements if an entity has not applied PFRSs in full         |         |                | ✓                 |
| PIC Q&A 2007-02  | PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02] |         |                | ✓                 |
| PIC Q&A 2007-03  | PAS 40.27 – Valuation of bank real and other properties acquired (ROPA)  |         |                | ✓                 |
| PIC Q&A 2007-04  | PAS 101.7 – Application of criteria for a qualifying NPAE  |         |                | ✓                 |
| PIC Q&A 2008-01-<br>Revised  | PAS 19.78 – Rate used in discounting post-employment benefit obligations                                       |         |                | ✓                 |
| PIC Q&A 2008-02  | PAS 20.43 – Accounting for government loans with low interest rates under the amendments to PAS 20             |         |                | ✓                 |
| PIC Q&A 2009-01  | Framework.23 and PAS 1.23 – Financial statements prepared on a basis other than going concern                  |         |                | ✓                 |
| PIC Q&A 2009-02  | PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines           |         |                | ✓                 |
| PIC Q&A 2010-01  | PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines           |         |                | ✓                 |
| PIC Q&A 2010-02  | PAS 1R.16 – Basis of preparation of financial statements   | ✓       |                |                   |
| PIC Q&A 2010-03  | PAS 1 Presentation of Financial Statements – Current/non-current classification of a callable term loan        | ✓       |                |                   |
| PIC Q&A 2011-01  | PAS 1.10(f) – Requirements for a Third Statement of Financial Position   |         |                | ✓                 |
| PIC Q&A 2011-02  | PFRS 3.2 – Common Control Business Combinations  |         |                | ✓                 |
| PIC Q&A 2011-03  | Accounting for Inter-company Loans   |         |                | ✓                 |
| PIC Q&A 2011-04  | PAS 32.37-38 – Costs of Public Offering of Shares  |         |                |                   |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS<br>Effective as of September 30, 2018 |  | Adopted | No<br>Adopted | No<br>Applicable |
|--|--|---------|---------------|------------------|
|  |  |         |               | ✓                |
| PIC Q&A<br>2011-05   | PFRS 1.D1-D8 – Fair Value or Revaluation as Deemed Cost  |         |               | ✓                |
| PIC Q&A<br>2011-06   | PFRS 3, Business Combinations (2008), and PAS 40, Investment Property – Acquisition of Investment properties – asset acquisition or business combination?    |         |               | ✓                |
| PIC Q&A<br>2012-01   | PFRS 3.2 – Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements    |         |               | ✓                |
| PIC Q&A<br>2012-02   | Cost of a New Building Constructed on the Site of a Previous Building  |         |               | ✓                |
| PIC Q&A<br>2013-01   | Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs   |         |               | ✓                |
| PIC Q&A<br>2013-02   | Conforming Changes to PIC Q&As - Cycle 2013  |         |               | ✓                |
| PIC Q&A<br>2013-03<br>(Revised)  | PAS 19 – Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law |         |               | ✓                |
| PIC Q&A<br>2015-01   | Conforming Changes to PIC Q&As - Cycle 2015  |         |               | ✓                |
| PIC Q&A<br>2016-01   | Conforming Changes to PIC Q&As - Cycle 2016  |         |               | ✓                |
| PIC Q&A<br>2016-02   | PAS 32 and PAS 38 - Accounting Treatment of Club Shares Held by an Entity  |         |               | ✓                |
| PIC Q&A<br>2016-04   | Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-Completion Contracts                              | ✓       |               |                  |

**Legend:**

**Adopted** – means a particular standard or interpretation is relevant to the operations of the entity (even if it has no effect or no material effect on the financial statements), for which there may be a related particular accounting policy made in the financial statements and/or there are current transactions the amounts or balances of which are disclosed on the face or in the notes of the financial statements.

**Not Adopted** – means a particular standard or interpretation is effective but the entity did not adopt it due to either of these two reasons: 1) The entity has deviated or departed from the requirements of such standard or interpretation; or 2) The standard provides for an option to early adopt it but the entity decided otherwise.

**Not Applicable** – means the standard or interpretation is not relevant at all to the operations of the entity.

**CROWN EQUITIES, INC. AND SUBSIDIARIES**  
**SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS – PARENT**  
**AVAILABLE FOR DIVIDEND DECLARATION**

*((Figures based on functional  
currency of unaudited financial  
statements as of and for the  
period ended September 30, 2018))*

|  |                     |
|--|---------------------|
| Unappropriated Retained Earnings, beginning  | ₱ 210,970,181       |
| Net income                                   | 264,249,207         |
| Non-actual/unrealized loss (gain) net of tax |                     |
| Fair value adjustments (M2M gains)           |                     |
| <b>TOTAL RETAINED EARNINGS AVAILABLE FOR</b> |                     |
| <b>    DIVIDEND, ENDING</b>                  | <b>₱475,219,388</b> |

Crown Equities, Inc.  
Schedule M - Key Performance Indicators  
September 30, 2018

| Indicator                | As of    |          |            |         | Formula  |
|--------------------------|----------|----------|------------|---------|--|
|                          | Sep-18   | Jun-18   | Mar-18     | Dec-17  |  |
| Current Ratio            | 5.54x    | 5.16x    | 3.12x      | 4.09x   | $\frac{\text{Current Assets}}{\text{Current Liabilities}}$                         |
| Cash Ratio               | 3.19x    | 3.16x    | 0.49x      | 1.11x   | $\frac{\text{Cash and Cash equivalents}}{\text{Current Liabilities}}$              |
| Debt-Equity Ratio        | 0.10x    | 0.10x    | 0.14x      | 0.14x   | $\frac{\text{Total Liabilities}}{\text{Total Equity}}$                             |
| Debt-Asset Ratio         | 0.09x    | 0.09x    | 0.12x      | 0.12x   | $\frac{\text{Total Liabilities}}{\text{Total Assets}}$                             |
| Asset-Equity Ratio       | 1.10x    | 1.10x    | 1.14x      | 1.14x   | $\frac{\text{Total Asset}}{\text{Total Equity}}$                                   |
| Interest Coverage Ratio  | Nil      | Nil      | Nil        | Nil     | $\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense}}$        |
| Net Income Margin        | 106.10%  | 153.26%  | 0.79%      | 84.94%  | $\frac{\text{Net Income}}{\text{Net Revenue}}$                                     |
| Investment Ratio         | 0.36x    | 0.36x    | 0.44x      | 0.33x   | $\frac{\text{Total Investment and Advances}}{\text{Total Asset}}$                  |
| Return on Assets         | 8.17%    | 7.30%    | 0.02%      | 6.30%   | $\frac{\text{Net Income}}{\text{Average Total Assets}}$                            |
| Earnings(Loss) Per Share | 0.014133 | 0.012992 | (0.000163) | 0.00889 | $\frac{\text{Net Income after Minority Interest}}{\text{Total Shares Subscribed}}$ |