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SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Industry Classification
Company Type Stock Corporation

Document Information

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COVER SHEET

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

(Company's Full Name)

C R O W N C E N T E R , 1 5 8 N . G A R C I A

C O R N E R J U P I T E R S T R E E T

B E L - A I R M A K A T I C I T Y

1 2 0 9

(Business Address: No. Street/City/Province)

PHIL IVAN A. CHAN

Contact Person

(02) 8 687 1195

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

SEC Form 17-Q

FORM TYPE

Every Fourth Tuesday of May

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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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, 2019
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: Crown Center, 158 Jupiter Corner N. Garcia Street, Bel-Air, Makati City Postal Code: 1209
8. Issuer's telephone number, including area code: (632) 88990455
9. Former name, former address and former fiscal year, if changed since last report: N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

<u>Title of each Class</u>	<u>Number of shares of common stock outstanding and amount of debt outstanding</u>
Common	14,959,999,950 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 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

Month

3 1

Day

FORM TYPE

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, If Applicable

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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, 2019 (Unaudited)	Dec. 31, 2018 (Audited)	Increase (Decrease)	% Change
ASSETS				
Current Assets				
Cash and cash equivalents	507.06	503.46	3.60	0.71%
Financial assets at fair value through profit or loss	175.55	133.81	41.74	31.19%
Installment contract receivables - current portion	18.95	20.74	(1.78)	-8.60%
Trade and other receivables - net	39.55	31.78	7.77	24.44%
Loan receivable - current portion	-	100.00	(100.00)	-100.00%
Inventories	147.33	148.55	(1.21)	-0.82%
Other current assets	50.97	52.21	(1.24)	-2.38%
Total Current Assets	939.41	990.55	(51.13)	-5.16%
Noncurrent Assets				
Available-for-sale financial asset	47.34	47.34	(0.00)	0.00%
Installment contracts receivable - net of current portion	82.56	64.74	17.82	27.53%
Property and equipment - net	257.76	267.11	(9.35)	-3.50%
Investment properties - net	995.61	995.39	0.22	0.02%
Deferred tax assets - net	19.64	19.64	-	0.00%
Goodwill	21.74	21.74	-	0.00%
Investments and advances to related parties-net	1.88	-	1.88	0.00%
Other noncurrent assets	4.45	4.00	0.45	11.29%
Total Noncurrent Assets	1,430.98	1,419.96	11.02	0.78%
	2,370.39	2,410.51	(40.11)	-1.66%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and other liabilities	158.68	212.08	(53.40)	-25.18%
Loans Payable	-	34.99	(34.99)	-100.00%
Income tax payable	3.23	-	3.23	0.00%
Total Current Liabilities	161.91	247.08	(85.16)	-34.47%
Noncurrent Liability				
Deferred tax liability	6.05	6.05	-	0.00%
Security Deposit	3.30	3.21	0.08	2.61%
Retirement liability	18.50	17.03	1.47	8.65%
Total Liabilities	189.76	273.36	(83.61)	-30.58%
Equity				
Capital stock	1,496.00	1,351.79	144.21	10.67%
Additional paid-in capital	118.57	118.57	-	0.00%
Retained earnings	398.47	514.01	(115.54)	-22.48%
Total Equity Attributable to Equity Holders of the Parent Company	2,013.04	1,984.36	28.67	1.44%
Non-controlling interests	167.60	152.78	14.82	9.70%
Total Equity	2,180.63	2,137.14	43.49	2.03%
	2,370.39	2,410.51	(40.12)	-1.66%

Amounts in million pesos, except percentages

Total Assets

Total assets posted a decrease of ₱40.11 million or 1.66% from ₱2.41 billion year-end 2018 to ₱2.37 billion as of September 30, 2019 primarily attributable to the settlement of obligations.

Current Assets

As of September 30, 2019, total current assets stood at ₱939.41 million, 5.16% lower than the year end 2018 level of ₱990.54 million. Cash was used for additional investment in the equities market and the settlement of loans and trade payables. The increase in recognized sales resulted in a decrease in inventories by ₱1.21 million or 0.82%. Installment contract receivable- current decreased to ₱18.95 million as of September 30, 2019 from ₱20.74 million as of December 31, 2018 due to net collection for the period. Other current assets, decreased by ₱1.24 million or 2.38% due to the utilization of creditable withholding tax during the period.

Noncurrent Assets

Noncurrent assets increased by ₱11.02 million or 0.78%, this was mainly driven by the increase in Installment contract receivable to ₱82.56 million as of September 30, 2019 from ₱64.74 million as of December 31, 2018 due to recognized sales for the period.

Liabilities and Stockholders' Equity

The total liabilities for the period decreased by ₱83.61 million or 30.58% from ₱273.36 million as of yearend 2018 to ₱189.76 million as of September 30, 2019. This was mainly attributable to the settlement of liabilities for the purchase of investment properties as well as the loans payable.

Meanwhile, stockholders' equity increased by ₱43.49 million as the corporation records the results of its operations for the period as well as the collection of subscription receivables.

Discussions on Results of Operation

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

	Year to Date Ended September 30			
	2019 (Unaudited)	2018 (Unaudited)	Increase (Decrease)	% Change
REVENUES				
Real estate sales	78,401,213	79,342,348	(941,135)	-1.19%
Sale of goods and services	57,618,793	60,168,849	(2,550,056)	-4.24%
Interest on installment contract receivable	15,196,090	15,737,860	(541,770)	-3.44%
Interest on loans	4,333,135	536,111	3,797,024	708.25%
Rent income	11,913,509	9,681,215	2,232,294	23.06%
Dividend income	8,026,735	2,104,340	5,922,395	281.44%
	175,489,475	167,570,723	7,918,751	4.73%
COST AND EXPENSES				
Cost of real estate sales	29,888,624	33,134,962	(3,246,338)	-9.80%
Cost of medical goods and services	24,816,660	24,467,398	349,262	1.43%
Salaries and employee benefits	37,311,908	36,231,470	1,080,438	2.98%
Depreciation and amortization	11,537,341	10,641,282	896,059	8.42%
Commission	4,572,425	9,976,139	(5,403,713)	-54.17%
Other operating expenses	31,350,548	105,833,603	(74,483,055)	-70.38%
	139,477,506	220,284,854	(80,807,346)	-36.68%
OTHER INCOME (CHARGES) - Net	12,901,662	240,570,627	(227,668,965)	-94.64%
INCOME BEFORE INCOME TAX	48,913,631	187,856,495	(138,942,868)	-73.96%
INCOME TAX EXPENSE - Net	13,637,446	10,067,397	3,570,049	35.46%
NET INCOME/(LOSS)	35,276,185	177,789,098	(142,512,917)	-80.16%

Total revenue for the three quarters ending September 30, 2019 amounted to ₱175.49 million. This is 4.73% or ₱7.92 million higher than the revenue from the same period in 2018. Revenues from real estate sales and real estate related interest income account for 53.3% of the total revenues. Real estate sales amounted to ₱78.40 million which is 1.19% lower than the ₱79.34 million sales recorded for the same period last year.

Meanwhile, the sale of goods and services from the healthcare business amounted to ₱57.62 million or 32.83% of the total revenues.

On the other hand, rent income, which came from the lease of office space in Crown Center and the Fortmed Center in Sta. Rosa, continue to improve. It increased by 23.06% compared to the same period in 2018.

While total revenues grew by 4.73%, total cost and expenses decreased by 36.68%. Expenses in the previous year include those related to the sale of an investment, as well as other related expenses for the extension of corporate life recorded as other operating expenses.

Net other income decreased by ₱227.67 million to ₱12.90 million primarily due to the non-recurring sale of investment in joint venture and the impairment of investment properties which happened in 2018. This resulted to an income before tax of ₱48.91 million which is lower by

₱138.94 million compared to 2018. After-tax income was ₱35.28 million compared to ₱177.79 million for the same period in 2018.

Key Performance Indicators

Indicator	As of				Formula
	Sep-19	Jun-19	Mar-19	Dec-18	
Current Ratio	5.80x	5.71x	4.78x	4.01x	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Cash Ratio	3.13x	2.86x	1.76x	2.04x	$\frac{\text{Cash and Cash equivalents}}{\text{Current Liabilities}}$
Debt-Equity Ratio	0.09x	0.09x	0.11x	0.13x	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Debt-Asset Ratio	0.08x	0.08x	0.10x	0.11x	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Asset-Equity Ratio	1.09x	1.09x	1.11x	1.13x	$\frac{\text{Total Asset}}{\text{Total Equity}}$
Interest Coverage Ratio	Nil	Nil	Nil	Nil	$\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense}}$
Net Income Margin	20.10%	34.76%	35.80%	122.18%	$\frac{\text{Net Income}}{\text{Net Revenue}}$
Investment Ratio	0.42x	0.42x	0.42x	0.41x	$\frac{\text{Total Investment and Advances}}{\text{Total Asset}}$
Return on Assets	1.48%	1.72%	0.95%	12.61%	$\frac{\text{Net Income}}{\text{Average Total Assets}}$
Earnings(Loss) Per Share	0.001504	0.002236	0.001143	0.01983	$\frac{\text{Net Income after Minority Interest}}{\text{Total Shares Subscribed}}$

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

Liquidity

As of September 30, 2019, current ratio increased to 5.80x compared to 4.01x as of December 31, 2018 despite use of cash to acquire shares in the stock market as well as the payment of current liabilities particularly trade and loans payable. Cash ratio during the period increased to 3.13x from 2.04x as of September 30, 2019 and December 31, 2018, respectively. Liquidity position remains positive during the period.

Solvency / Leverage

Leverage remained low as of September 30, 2019 having debt-equity at 0.09x, debt-asset ratio at 0.08x and asset-equity ratio at 1.09x 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

The Corporation's investments were maintained resulting to investment ratio of 0.42x and 0.41x as of September 30, 2019 and December 31, 2018, respectively.

Profitability

Net income margin remains positive at 20.10% for the third quarter of 2019.

Return on Assets

The return on assets as of September 30, 2019 decreased to 1.48% due to lower recognized income as of the end of the third quarter.

Earnings per Share

As a result of the decrease in the Company's income as of September 30, 2019 earnings per share is P0.0015. The Company's outstanding number of shares increased to 14,959,999,956 due to the distribution of 10% stock dividend on September 30, 2019.

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 in relation to 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.

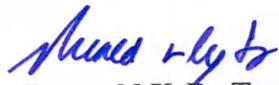
SIGNATURES

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 13, 2019

CROWN EQUITIES, INC. AND SUBSIDIARIES

**UNAUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

	Sept. 30, 2019 Unaudited	Dec. 31, 2018 Audited
ASSETS		
Current Assets		
Cash and cash equivalents	507,060,084	503,460,814
Financial assets at fair value through profit or loss	175,548,773	133,809,204
Installment contract receivables - current portion	18,954,672	20,737,202
Trade and other receivables - net	39,549,282	31,781,219
Loan receivable - current portion	-	100,000,000
Inventories	147,332,507	148,546,595
Other current assets	50,966,056	52,209,024
Total Current Assets	939,411,374	990,544,058
Noncurrent Assets		
Available-for-sale financial asset	47,344,659	47,344,659
Installment contracts receivable - net of current portion	82,557,454	64,735,375
Property and equipment - net	257,760,214	267,107,786
Investment properties - net	995,608,275	995,390,410
Deferred tax assets - net	19,643,843	19,643,843
Goodwill	21,740,604	21,740,604
Investments and advances to related parties-net	1,881,922	-
Other noncurrent assets	4,444,563	4,001,905
Total Noncurrent Assets	1,430,981,534	1,419,964,582
	2,370,392,908	2,410,508,640
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities	158,682,080	212,081,806
Loans Payable	-	34,993,527
Income tax payable	3,230,965	-
Total Current Liabilities	161,913,045	247,075,333
Noncurrent Liability		
Deferred tax liability	6,047,808	6,047,808
Security Deposit	3,297,165	3,213,377
Retirement liability	18,500,816	17,028,317
Total Liabilities	189,758,834	273,364,835
Equity		
Capital stock	1,495,999,995	1,351,785,906
Additional paid-in capital	118,570,274	118,570,274
Retained earnings	398,467,254	514,008,211
Total Equity Attributable to Equity Holders of the Parent Company	2,013,037,523	1,984,364,391
Non-controlling interests	167,596,551	152,779,414
Total Equity	2,180,634,074	2,137,143,805
	2,370,392,908	2,410,508,640

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

	3rd Quarter Ended September 30		Year to Date Ended September 30	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
REVENUES				
Real estate sales	23,419,701	28,604,299	78,401,213	79,342,348
Sale of goods and services	22,654,083	22,171,936	57,618,793	60,168,849
Interest on installment contract receivable	4,790,309	5,268,080	15,196,090	15,737,860
Interest on loans	-	36,111	4,333,135	536,111
Rent income	4,092,473	3,296,071	11,913,509	9,681,215
Dividend income	2,088,014	757,083	8,026,735	2,104,340
	57,044,580	60,133,580	175,489,475	167,570,723
COST AND EXPENSES				
Cost of real estate sales	8,714,511	12,142,785	29,888,624	33,134,962
Cost of medical goods and services	9,654,109	8,875,943	24,816,660	24,467,398
Salaries and employee benefits	12,635,844	12,064,803	37,311,908	36,231,470
Depreciation and amortization	3,581,512	3,679,182	11,537,341	10,641,282
Commission	2,545,358	2,051,076	4,572,425	9,976,139
Other operating expenses	10,132,605	11,818,862	31,350,548	105,833,603
	47,263,939	50,632,650	139,477,506	220,284,854
OTHER INCOME (CHARGES) - Net	(11,454,108)	12,922,966	12,901,662	240,570,627
INCOME BEFORE INCOME TAX	(1,673,467)	22,423,896	48,913,631	187,856,495
INCOME TAX EXPENSE - Net	4,221,452	4,126,240	13,637,446	10,067,397
NET INCOME/(LOSS)	(5,894,919)	18,297,656	35,276,185	177,789,098
Attributable to:				
Equity holders of the parent company	(9,945,557)	14,409,906	20,459,047	192,202,552
Non-controlling interests	4,050,638	3,887,751	14,817,138	(14,413,454)
	(5,894,919)	18,297,656	35,276,185	177,789,098

CROWN EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTERS ENDED SEPTEMBER 30, 2019 AND 2018

	Equity Attributable to Equity Holders of the Parent Company						
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Actuarial Gains	Total	Non-controlling Interests	Total Equity
As of January 1, 2019	1,351,785,906	118,570,274	507,951,044	6,057,167	1,984,364,391	152,779,414	2,137,143,805
Total comprehensive income for period	-	-	20,459,046	-	20,459,046	14,817,138	35,276,183
Net income for the period	-	-	20,459,046	-	20,459,046	14,817,138	35,276,183
Subscription receivable collected	8,214,090	-	-	-	8,214,090	-	8,214,090
Dividends paid	135,999,999	-	(135,999,999)	-	-	-	-
As of September 30, 2019	1,495,999,995	118,570,274	392,410,091	6,057,167	2,013,037,527	167,596,552	2,180,634,078
As of January 1, 2018	1,348,035,906	118,570,274	238,281,082	4,815,022	1,709,702,284	151,299,215	1,861,001,499
Total comprehensive income for period	-	-	192,202,552	-	192,202,552	(14,413,454)	177,789,097
Net income for the period	-	-	192,202,552	-	192,202,552	(14,413,454)	177,789,097
Subscription receivable collected	3,750,000	-	-	-	3,750,000	-	3,750,000
As of September 30, 2018	1,351,785,906	118,570,274	430,483,634	4,815,022	1,905,654,836	136,885,761	2,042,540,596

CROWN EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED SEPTEMBER 30, 2019 AND 2018

	3rd Qtr Ended Sept 30		Year to Date Ended Sept 30	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	(1,673,468)	23,529,939	48,913,625	187,856,495
Adjustments for:				
<i>Impairment of Investment Properties</i>	-	-	-	136,012,728
Depreciation and amortization	3,581,512	3,679,182	11,537,341	10,641,282
Retirement expense	492,000	492,000	1,589,004	1,476,000
Interest income	(10,707,634)	(12,304,043)	(38,279,581)	(28,208,370)
Unrealized foreign exchange gain (loss)	361,667	(182,274)	688,847	(1,506,871)
Gain (Loss) from cancelled contracts and tormented customers' deposits	6,400	(88,000)	471,046	2,449,460
Dividend income	(2,088,014)	(757,083)	(8,026,735)	(2,104,340)
Unrealized (gain) loss in the change in value of financial assets at FVPL	19,266,953	(3,848,220)	9,536,986	3,356,569
Operating income before working capital changes	9,239,416	10,521,501	26,430,534	309,972,953
Decrease (Increase) in:				
Financial assets at fair value through profit or loss	9,193,500	(9,483,673)	(51,276,554)	(41,965,423)
Installment contract receivables	2,366,885	(629,371)	(15,728,005)	(10,454,176)
Receivables	8,327,942	18,006,779	(7,768,063)	8,702,679
Inventories	72,367	(3,226,679)	993,669	1,698,053
Other current assets	(738,755)	218,079	1,242,968	(3,464,275)
Increase (decrease) in accounts and other payables	(5,196,972)	(138,836)	(53,878,108)	(2,654,705)
Cash generated from (absorbed by) operations	23,264,383	15,267,800	(99,983,560)	261,835,104
Interest received	10,707,634	12,304,043	38,279,581	28,208,370
Dividend received	2,088,014	757,083	8,026,735	2,104,340
Benefits paid	(3,500)	(0)	(116,505)	-
Income taxes paid	(3,552,794)	(3,624,716)	(10,406,481)	(8,300,762)
Net cash provided by operating activities	32,503,738	24,704,210	(64,200,231)	283,847,053
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of assets held for sale	-	(0)	-	361,282,867
Acquisition of property and equipment	(24,527)	(4,281,247)	(828,514)	(6,310,358)
Acquisition of investment properties	(107,049)	0	(1,579,121)	(234,870,840)
Decrease (increase) in:				
Loans receivables	-	(40,000,000)	100,000,000	(40,000,000)
Other noncurrent assets	94,026	774,276	(442,658)	1,370,017
Investments and advances to related parties-net	(1,881,922)	-	(1,881,922)	-
Net cash provided by (used in) investing activities	(1,919,472)	(43,506,971)	95,267,786	81,471,686
CASH FLOWS FROM FINANCING ACTIVITIES				
Collection of subscriptions receivable	-	-	8,214,090	3,750,000
Decrease in liabilities directly associated with assets held for sale	-	-	-	(42,158,700)
Decrease in loans payable	-	-	(34,993,527)	-
Decrease in due to related parties	-	(11,682,693)	-	(16,875,000)
Net cash provided by (used in) financing activities	-	(11,682,693)	(26,779,437)	(55,283,700)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(361,667)	182,274	(688,847)	1,506,871
NET INC (DEC) IN CASH AND CASH EQUIVALENTS	30,222,598	(30,303,180)	3,599,270	311,541,910
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	476,837,485	606,233,095	503,460,814	264,388,005
CASH AND CASH EQUIVALENTS AT END OF YEAR	507,060,083	575,929,915	507,060,084	575,929,915

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, 2019, and 2018, the Parent Company has ownership interests in the following subsidiaries and associates, all incorporated in the Philippines:

	<i>Effective</i> Percentage of Ownership	
	2019	2018
Subsidiaries		
<i>Real Estate</i>		
Crown Central Properties, Corp. (CCPC) ^(a)	48%	48%
Parkfield Land Holdings, Inc. (PLHI) ^(b)	75%	75%
<i>Healthcare</i>		
Healthcare Systems of Asia Phils., Inc. (HSAPI)	97%	97%
Fortmed Medical Clinics Makati, Inc. (FMCMCI) ^(c)	97%	97%

^(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 2019 and 2018, 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, 2019 and 2018.

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.

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 June 30, 2019 and 2018 and certain assets and liability information regarding industry segments as at June 30, 2019 and 2018 (in thousands).

	Real Estate	Healthcare Services	Investment Holdings	Elimination	Total
Year to Date September 30, 2019					
REVENUES	125,470	57,619	1,133	(8,384)	175,838
RESULTS					
Segment results	42,421	(2,788)	65	-	39,698
Interest income	18,370	368	12	-	18,750
Change in fair value of financial asset at FVPL	(9,537)				(9,537)
Income Tax Expense	(13,366)	(269)	(2)	-	(13,637)
Net Income (Loss)	37,888	(2,689)	75	-	35,274
ASSETS AND LIABILITIES					
Segment Assets	2,604,592	50,200	96,078	(404,100)	2,358,581
Intangible Assets	-	-	21,741	-	21,741
Total Assets	2,604,592	50,200	117,819	(404,100)	2,368,511
Segment Liabilities	172,023	25,218	75,911	(83,393)	189,759
OTHER SEGMENT INFORMATION					
Depreciation	7,791	2,771	975	-	11,537
Capital Expenditure in property and equipment	670	89	-	-	759
Capital Expenditure in Investment Property	1,579	-	-	-	1,579
Investments and advances in associates – net	379,274	-	21,325	(400,598)	-

Amounts in Php thousands.

	Real estate	Healthcare services	Investment Holding	Elimination	Consolidated
Year to Date September 30, 2018					
REVENUES	114,628	60,169	828	(8,054)	167,571
RESULTS					
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)
Net Income	179,069	(1,300)	21	-	177,789
ASSETS AND LIABILITIES					
Segment assets	2,480,580	44,184	99,408	(408,054)	2,216,118
Intangible assets	-	-	21,741	-	21,741
Total Assets	2,480,580	44,184	121,148	(408,054)	2,237,859
Segment Liabilities	182,198	21,259	79,227	(87,366)	195,318
OTHER SEGMENT INFORMATION					
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.

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. The 10% stock dividends were paid on September 30, 2019. Income (loss) per share amounts were computed as follows:

	As of September 30, 2019	As of September 30, 2018
Net income (loss) attributable to parent stockholders	₱20,459,047	₱192,202,552
Divided by weighted average number of outstanding common shares	13,599,999,960	13,599,999,960
Income (loss) per share	₱0.0015	₱0.0141

CROWN EQUITIES, INC. AND SUBSIDIARIES

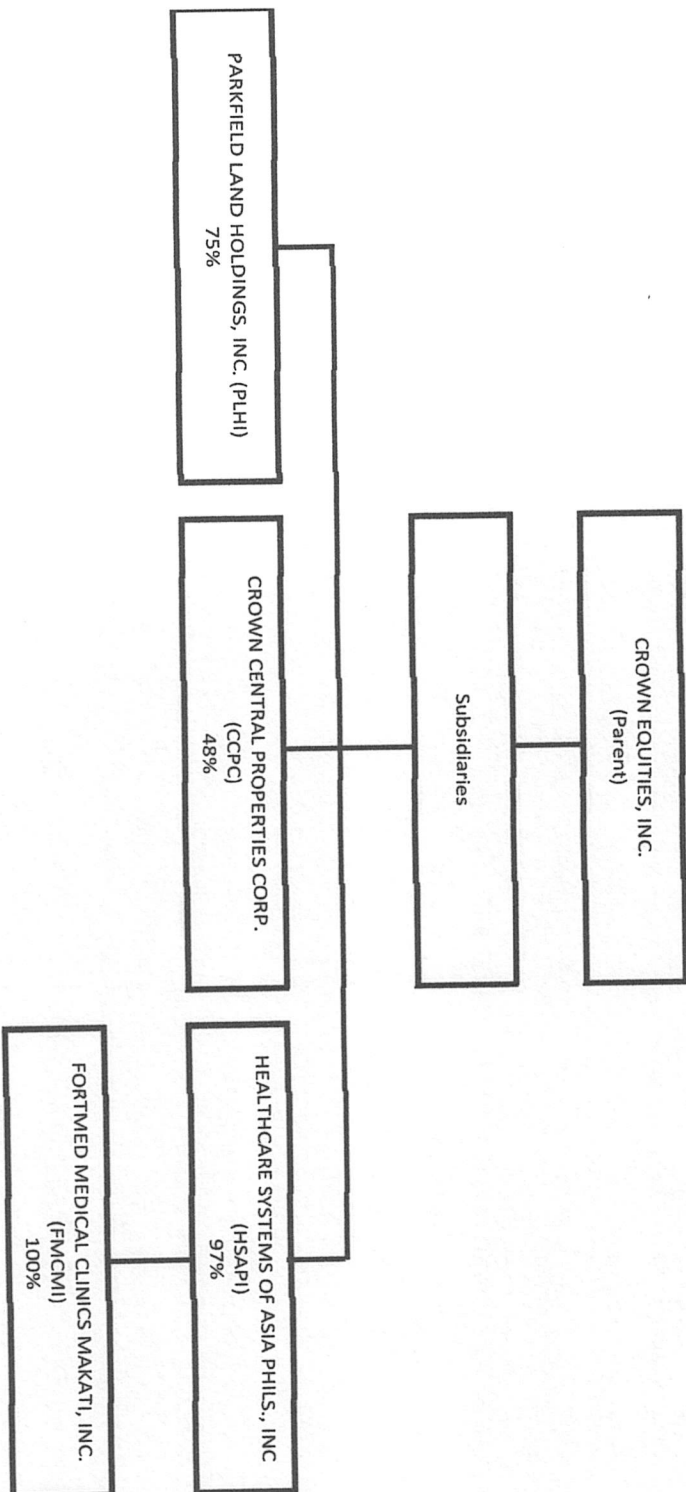
Aging of Financial Assets

As of September 30, 2019

Types of Accounts	Total	1 month	2 to 6 months	7 mos. To 1 year	1 to 3 years	3 to 5 years	5 years & above
Financial Assets							
a. Cash and cash equivalents							
1. Cash in bank	28,917,271	28,917,271	-	-	-	-	-
2. Short-term placements	478,142,813	478,142,813	-	-	-	-	-
	507,060,084	507,060,084	-	-	-	-	-
b. Trade receivable							
1. Installment contract receivable	101,512,126	1,849,071	10,502,709	6,602,892	27,845,982	22,776,654	31,934,818
2. Receivable from sale of medical goods and services	18,741,239	8,415,941.23	2,700,813	1,620,488	670,167	454,687	4,879,142
Less: Allowance for doubtful account	(6,850,185)	-	-	(846,189)	(670,167)	(454,687)	(4,879,142)
Net trade receivable	113,403,179	10,265,012	13,203,523	7,377,191	27,845,982	22,776,654	31,934,818
c. Non-trade receivable							
1. Due from project developers	21,412,807	-	-	21,412,807	-	-	-
2. Receivable from buyers	1,197,548	-	-	1,197,548	-	-	-
3. Rent receivables	3,109,212	-	-	3,109,212	-	-	-
4. Interest receivables	311,834	-	-	311,834	-	-	-
6. Others	1,678,828	-	-	1,678,828	-	-	-
Sub-total	27,710,228	-	-	27,710,228	-	-	-
Less: Allowance for doubtful account	-	-	-	-	-	-	-
Net Non-trade receivable	27,710,228	-	-	27,710,228	-	-	-

CROWN EQUITIES, INC. AND SUBSIDIARIES

CORPORATE STRUCTURE
September 30, 2019



CROWN EQUITIES, INC. AND SUBSIDIARIES
SCHEDULE OF ALL PHILIPPINE FINANCIAL REPORTING STANDARDS
AND INTERPRETATIONS AS AT SEPTEMBER 30, 2019

Title	Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements			
Conceptual Framework Phase A: Objectives and qualitative characteristics	✓		
PFRS Practice Statement Management Commentary			✓
PFRSs Practice Statement 2: Making Materiality Judgments			✓

Philippine Financial Reporting Standards (PFRS)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	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			✓
	Amendments to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards - Deletion of Short-term Exemptions for First-time Adopters	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, <i>Financial Instruments</i> with PFRS 4, <i>Insurance Contracts</i>			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
	Amendment to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to 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	✓		
	Amendment to PFRS 7: Servicing Contracts			✓
	Amendment to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments	✓		
	Amendments to PFRS 8: Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 9	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Transition Guidance			✓
	<i>Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations</i>			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			✓
	Amendment to PFRS 12: Clarification of the Scope of the Standard	✓		
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
	Amendments to PFRS 15: Clarifications to PFRS 15	✓		

Philippine Accounting Standards (PASs)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
	<i>Amendments to PAS 12: Recovery of Underlying Assets</i>	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendment to PAS 16: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
	Amendment to PAS 19: Discount Rate: Regional Market Issue			✓
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 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendment to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Amendment to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendment to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement			✓
PAS 40	Investment Property	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓
	Amendments to PAS 40: Transfers of Investment Property	✓		
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture: Bearer Plants			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
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 19	Extinguishing Financial Liabilities with Equity Instruments			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓

PHILIPPINE INTERPRETATIONS - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
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-32	Intangible Assets - Web Site Costs			✓

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

Unappropriated Retained Earnings, January 1, 2019	P486,337,622
Stock Dividends paid during the period	(135,999,999)
Net income for the period	20,459,046
Less: Non-actual/unrealized income, net of tax:	
Unrealized gain on changes in fair value of investments in quoted shares- net	<u>10,225,833 10,233,213</u>
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, SEPTEMBER 30, 2019	P360,570,836

Crown Equities, Inc.
Schedule M - Key Performance Indicators
September 30, 2019

Indicator	As of				Formula
	Sep-19	Jun-19	Mar-19	Dec-18	
Current Ratio	5.80x	5.71x	4.78x	4.01x	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Cash Ratio	3.13x	2.86x	1.76x	2.04x	$\frac{\text{Cash and Cash equivalents}}{\text{Current Liabilities}}$
Debt-Equity Ratio	0.09x	0.09x	0.11x	0.13x	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Debt-Asset Ratio	0.08x	0.08x	0.10x	0.11x	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Asset-Equity Ratio	1.09x	1.09x	1.11x	1.13x	$\frac{\text{Total Asset}}{\text{Total Equity}}$
Interest Coverage Ratio	Nil	Nil	Nil	Nil	$\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense}}$
Net Income Margin	20.10%	34.76%	35.80%	122.18%	$\frac{\text{Net Income}}{\text{Net Revenue}}$
Investment Ratio	0.42x	0.42x	0.42x	0.41x	$\frac{\text{Total Investment and Advances}}{\text{Total Asset}}$
Return on Assets	1.48%	1.72%	0.95%	12.61%	$\frac{\text{Net Income}}{\text{Average Total Assets}}$
Earnings(Loss) Per Share	0.001504	0.002236	0.001143	0.01983	$\frac{\text{Net Income after Minority Interest}}{\text{Total Shares Subscribed}}$