



## **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, 2016 Unaudited	Dec. 31, 2015 Audited	Increase (Decrease)	% Change
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	P 201.02	P 204.01	(2.99)	-1.46%
Financial assets at fair value through profit or loss	50.50	31.95	18.55	58.05%
Installment contract receivables - net	13.51	17.83	(4.32)	-24.21%
Receivables - net	69.85	45.68	24.17	52.90%
Loan receivable	13.08	12.50	0.58	4.67%
Inventories	182.85	186.49	(3.64)	-1.95%
Other current assets	59.17	56.86	2.31	4.06%
<b>Total Current Assets</b>	<b>589.98</b>	<b>555.32</b>	<b>34.66</b>	<b>6.24%</b>
<b>Noncurrent Assets</b>				
Installment contracts receivable - net of current portion	54.34	52.21	2.13	4.08%
Loan receivable	45.25	45.83	(0.58)	-1.27%
Available-for-sale financial asset	47.34	47.34	0.00	0.01%
Investment in and advances to a joint venture - net	234.44	234.44	(0.00)	0.00%
Goodwill	21.74	21.74	0.00	0.00%
Property and equipment - net	273.35	277.87	(4.52)	-1.63%
Investment properties - net	694.42	695.41	(0.99)	-0.14%
Deferred tax assets - net	1.63	1.63	0.00	0.05%
Other noncurrent assets	8.02	7.03	0.99	14.03%
<b>Total Noncurrent Assets</b>	<b>1,380.53</b>	<b>1,383.52</b>	<b>(2.97)</b>	<b>-0.21%</b>
	<b>P 1,970.52</b>	<b>1,938.84</b>	<b>31.70</b>	<b>1.63%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	P 156.52	P 135.42	21	15.58%
Due to related parties	15.21	15.21	0	0.02%
Income tax payable	2.62	0.79	2	231.71%
Subscriptions payable	42.16	42.16	(0)	0.00%
<b>Total Current Liabilities</b>	<b>216.51</b>	<b>193.58</b>	<b>23</b>	<b>11.84%</b>
<b>Noncurrent Liability</b>				
Retirement liability	13.67	12.12	2	12.76%
<b>Total Liabilities</b>	<b>230.17</b>	<b>205.70</b>	<b>24</b>	<b>11.90%</b>
<b>Equity</b>				
Capital stock	1,348.04	1,348.04	0	0.00%
Additional paid-in capital	118.57	118.57	-	0.00%
Retained earnings	111.35	106.93	4	4.13%
Actuarial gains	1.64	1.64	-	0.00%
<b>Total Equity Attributable to Equity Holders of the Parent Company</b>	<b>1,579.59</b>	<b>1,575.18</b>	<b>4</b>	<b>0.28%</b>
Non-controlling interests	160.75	157.96	3	1.77%
<b>Total Equity</b>	<b>1,740.35</b>	<b>1,733.14</b>	<b>7</b>	<b>0.42%</b>
	<b>1,970.52</b>	<b>P 1,938.84</b>	<b>32</b>	<b>1.63%</b>
	<b>0.00</b>	<b>0</b>		

*Amount in million pesos, except percentages.*

### Total Assets

Total assets posted an increase of ₱31.6 million or 1.6% as of September 30, 2016 primarily attributable to the growth in current assets by ₱35 million or 6.2%. The increase in current assets was mainly driven by investments in the local equities market and receivables. In contrast, noncurrent assets dropped by ₱2.98 million or 0.22% due to depreciation expense recognized during the period.

### Current Assets

Total current assets increased to ₱590 million as of September 30, 2016, ₱35 million or 6% higher than the ₱555 million as of December 31, 2015. Cash declined by ₱3 million or 1% primarily due to purchase of marketable securities. In connection with the decline in cash, the financial assets through profit or loss increased by ₱18 million or 58% resulting from the additional investment in the foreign stock exchange and local equities market. Current portion of the installment contract receivable decreased by ₱4 million or 24% due to the collection of recognized sales from Palma Real. The increase in recognized sales resulted in a decrease in inventories by ₱3.6 million or 2%. Receivables increased by ₱24 million or 52% primarily from the increase in the receivables from venture partners. Other current assets, increased by ₱2.3 million or 4% due to the creditable withholding and input taxes during the period.

### Noncurrent Assets

The noncurrent assets have dropped by ₱2.98 million or 0.22% mainly driven by the depreciation expense for the period.

### Liabilities and Stockholders' Equity

From ₱205.70 million as of December 31, 2015, total liabilities recorded an increase of ₱24 million or 12% to ₱230 million as of September 30, 2016. This was attributable to the increase in accounts payable and other liabilities by ₱21 million or 15%.

Total equity recorded an increase of ₱7.21 million or 0.42% reflecting the net income during the nine-month period.

*Discussions on Results of Operation*

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

	Sept. 30, 2016 Unaudited	Sept. 30, 2015 Unaudited	Increase (Decrease)	% Change
<b>REVENUES</b>				
Real estate sales	₱ 55.65	₱ 98.72	(43.07)	-43.63%
Sale of goods and services	39.41	38.65	0.76	1.97%
Interest on installment contract receivable	7.74	11.41	(3.67)	-32.17%
Interest on loans	4.68	4.49	0.19	4.31%
Investment income	0.00	0.26	(0.26)	-100.00%
Rent income	7.55	5.11	2.44	47.85%
	<b>115.03</b>	<b>158.64</b>	<b>(43.61)</b>	<b>-27.49%</b>
<b>COST AND EXPENSES</b>				
Cost of real estate sales	27.06	50.99	(23.93)	-46.94%
Cost of medical goods and services	15.30	7.71	7.59	98.40%
	<b>42.35</b>	<b>58.71</b>	<b>(16.36)</b>	<b>-27.86%</b>
<b>OPERATING EXPENSES</b>				
Salaries and employee benefits	26.46	28.79	(2.33)	-8.08%
Depreciation and amortization	8.91	10.79	(1.88)	-17.46%
Commission	3.70	4.06	(0.36)	-8.86%
Other operating expenses	24.37	27.58	(3.21)	-11.63%
	<b>63.44</b>	<b>71.21</b>	<b>(7.78)</b>	<b>-10.92%</b>
<b>OTHER INCOME (CHARGES) - Net</b>	<b>2.23</b>	<b>(0.91)</b>	<b>3.13</b>	<b>-346.15%</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>11.47</b>	<b>27.81</b>	<b>(16.34)</b>	<b>-58.75%</b>
<b>INCOME TAX EXPENSE - Net</b>	<b>4.26</b>	<b>5.62</b>	<b>(1.35)</b>	<b>-24.08%</b>
<b>NET INCOME/ TOTAL COMPREHENSIVE INCOME</b>	<b>7.21</b>	<b>22.19</b>	<b>(14.98)</b>	<b>-67.52%</b>
<b>Attributable to:</b>				
Equity holders of the parent company	4.41	16.53	(12.12)	-73.29%
Non-controlling interests	2.79	5.66	(2.87)	-50.65%
	<b>7.21</b>	<b>22.19</b>	<b>(14.98)</b>	<b>-67.52%</b>

*Amount in million pesos, except percentages.*

A net income of P7.2 million was recognized in the three quarters of 2016 compared to net income of P22.2 million in the same period of 2015.

Real estate sales are recognized when the collection from the sold unit reaches 25%. Total revenues for the nine month period of 2016 declined to ₱115 million or a decrease of 27% from ₱158 million for the same period of 2015. Most of the real estate sales made in 2015 are expected to be recognized in 2017 based on the terms of payment. Despite the decrease in recognized real estate sales, the sale of medical goods and services has increased by ₱ 762 thousand or 2% and rental income by ₱ 2.4 million or 47%. The decline in revenue resulted to a decrease also in cost of sales and services to ₱42 million from ₱58 million of 2015. Meanwhile, total operating expenses decreased from ₱71 million in 2015 to ₱63 million in 2016.

Lastly, other income increased by ₱3 million or 346.15% resulting mainly from changes in the fair value of marketable securities while income tax expense decreased by ₱1.3 million to ₱4.2 million resulting to a positive bottomline of ₱ 7.2 million for the period as against ₱ 22 million for the same period in 2015.

### Key Performance Indicators

Indicator	As of		Formula
	Sep. 2016	Dec. 2015	
Current Ratio	2.73x	2.87x	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Cash Ratio	0.93x	1.05x	$\frac{\text{Cash and Cash equivalents}}{\text{Current Liabilities}}$
Debt-Equity Ratio	0.13x	0.12x	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Debt-Asset Ratio	0.12x	0.11x	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Asset-Equity Ratio	1.13x	1.12x	$\frac{\text{Total Asset}}{\text{Total Equity}}$
Investment Ratio	0.47x	0.48x	$\frac{\text{Total Investment and Advances}}{\text{Total Asset}}$
	<b>YTD</b>		
	<b>Sep. 2016</b>	<b>Dec. 2015</b>	
Interest Coverage Ratio	Nil	Nil	$\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense}}$
Net Income Margin	8%	6.42%	$\frac{\text{Net Income after Minority Interest}}{\text{Net Revenues}}$
Return on Assets	0.23%	0.63%	$\frac{\text{Net Income after Minority Interest}}{\text{Average Total Assets}}$
Earnings Per Share	0.000324	0.00047	$\frac{\text{Net Income after Minority Interest}}{\text{Total Shares Subscribed}}$

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

#### Liquidity

As of September 30, 2016, current ratio decreased to 2.73x compared to 2.87x as of December 31, 2015 due to the decrease in cash and cash equivalents, installment contract receivables and inventories. The decrease in cash level also contributed to the decline of cash ratio to 0.93x as of September 30, 2016 from 1.05x as of December 31, 2015. The decrease in cash levels was mainly attributable to investment in marketable securities. Liquidity position, however, remains positive.

#### Solvency / Leverage

The Company remains to have a low leverage stance considering its debt-equity ratio of 0.13x as of September 30, 2016 and 0.12x in December 31, 2015. Asset – equity ratio increased to 1.1x as of September 30, 2016 and December 31, 2015. The company has a nil interest coverage ratio as it has not incurred any interest expense for the period.

Investment Ratio

Investment ratios remains 0.5x as of September 30, 2016 and December 31, 2015. The Company made no significant investments and the total assets have not significantly increased for the three quarters of 2016.

Profitability

Net margin increased to 8% as of September 30, 2016 from 6% as of December 31, 2015.

Return on Assets

Return on assets declined to 0.2% for the first three quarters of 2016 from 0.6% as of December 31, 2015

Income/Loss per Share

As a result of the first three quarter of 2016 operation, the Company's profitability ratio has a earnings per share of 0.000324 as of September 30, 2016 from an earnings per share of 0.00047 as of December 31, 2015. The Corporation'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.



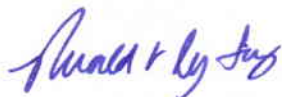
## SIGNATURES

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.

Issuer

**CROWN EQUITIES, INC.**

Name  
Signature and Title



**Romuald U. Dy Tang**  
**President**

Date

8 November 2016

Principal Financial Officer  
Signature and Title



**Eugene B. Macalalag**  
**First Vice President**

Date

8 November 2016

# ANNEX "A"

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

	Sept. 30, 2016 Unaudited	Dec. 31, 2015 Audited
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	₱ 201,024,332	₱ 204,010,289
Financial assets at fair value through profit or loss	50,498,411	31,951,632
Installment contract receivables - net	13,512,902	17,829,446
Receivables - net	69,846,070	45,676,878
Loan receivable	13,083,333	12,500,000
Inventories	182,850,357	186,489,381
Other current assets	59,169,489	56,860,240
<b>Total Current Assets</b>	<b>589,984,894</b>	<b>555,317,866</b>
<b>Noncurrent Assets</b>		
Installment contracts receivable - net of current portion	54,342,736	52,213,086
Loan receivable	45,250,000	45,833,333
Available-for-sale financial asset	47,344,659	47,344,659
Investment in and advances to a joint venture - net	234,438,556	234,438,556
Goodwill	21,740,604	21,740,604
Property and equipment - net	273,353,867	277,872,717
Investment properties - net	694,417,144	695,413,822
Deferred tax assets - net	1,630,836	1,630,836
Other noncurrent assets	8,016,213	7,030,045
<b>Total Noncurrent Assets</b>	<b>1,380,534,616</b>	<b>1,383,517,658</b>
	<b>₱ 1,970,519,510</b>	<b>₱ 1,938,835,524</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	₱ 156,515,720	₱ 135,415,322
Due to related parties	15,212,887	15,212,887
Income tax payable	2,620,532	791,469
Subscriptions payable	42,158,700	42,158,700
<b>Total Current Liabilities</b>	<b>216,507,839</b>	<b>193,578,378</b>
<b>Noncurrent Liability</b>		
Retirement liability	13,666,493	12,119,431
<b>Total Liabilities</b>	<b>230,174,332</b>	<b>205,697,809</b>
<b>Equity</b>		
Capital stock	1,348,035,906	1,348,035,906
Additional paid-in capital	118,570,274	118,570,274
Retained earnings	111,347,701	106,933,349
Actuarial gains	1,636,864	1,636,864
<b>Total Equity Attributable to Equity Holders of the Parent Company</b>	<b>1,579,590,745</b>	<b>1,575,176,393</b>
Non-controlling interests	160,754,434	157,961,322
<b>Total Equity</b>	<b>1,740,345,178</b>	<b>1,733,137,715</b>
	<b>₱ 1,970,519,510</b>	<b>₱ 1,938,835,524</b>

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

	3rd Quarter Ended Sept. 30		Year to Date Ended Sept. 30	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
<b>REVENUES</b>				
Real estate sales	P 23,428,398	P 13,278,704.65	P 55,645,446.80	P 98,715,245.65
Sale of goods and services	13,391,409	14,242,305	39,413,370	38,651,022
Interest on installment contract receivable	3,161,419	2,290,240	7,739,129	11,414,288
Interest on loans	1,635,361	1,610,763	4,683,317	4,491,819
Investment income	0	85,000	0	255,000
Rent income	2,414,223	2,091,284	7,553,289	5,108,805
	<b>44,030,811</b>	<b>33,598,297</b>	<b>115,034,551</b>	<b>158,636,180</b>
<b>COST AND EXPENSES</b>				
Cost of real estate sales	11,349,008	6,934,408	27,057,364	50,994,300
Cost of medical goods and services	11,242,638	4,001,005	15,296,916	7,714,202
	<b>22,591,646</b>	<b>10,935,413</b>	<b>42,354,280</b>	<b>58,708,502</b>
<b>OPERATING EXPENSES</b>				
Salaries and employee benefits	1,856,665	5,929,298	26,464,216	28,789,521
Depreciation and amortization	1,643,803	7,623,493	8,906,619	10,790,883
Commission	1,286,732	(3,757,703)	3,696,193	4,055,644
Other operating expenses	6,303,872	8,681,009	24,369,937	27,577,175
	<b>11,091,072</b>	<b>18,476,097</b>	<b>63,436,965</b>	<b>71,213,223</b>
<b>OTHER INCOME (CHARGES) - Net</b>	<b>4,229,743</b>	<b>(2,757,300)</b>	<b>2,228,914</b>	<b>(905,507)</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>14,577,837</b>	<b>1,429,487</b>	<b>11,472,221</b>	<b>27,808,948</b>
<b>INCOME TAX EXPENSE - Net</b>	<b>1,997,266</b>	<b>(954,053)</b>	<b>4,264,758</b>	<b>5,617,799</b>
<b>NET INCOME / TOTAL COMPREHENSIVE INCOME</b>	<b>P 12,580,571</b>	<b>P 2,383,540</b>	<b>P 7,207,463</b>	<b>P 22,191,149</b>
<b>Attributable to:</b>				
Equity holders of the parent company	P 11,225,995	P 1,690,704	P 4,414,352	P 16,530,808
Non-controlling interests	1,354,576	692,656	2,793,112	5,660,341
	<b>P 12,580,570</b>	<b>P 2,383,360</b>	<b>P 7,207,463</b>	<b>P 22,191,149</b>
<b>BASIC/DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	<b>P 0.00083</b>	<b>P 0.000124</b>	<b>P 0.00032</b>	<b>P 0.001216</b>

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

	3rd Quarter Ended September 30		Year to Date Ended September 30	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
<b>CAPITAL STOCK</b>				
Balance – ending	P 1,348,035,906	P 1,345,110,906	P 1,348,035,906	P 1,345,110,906
<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	100,121,706	115,535,411	106,933,349	100,588,825
Net income for the period	11,225,995	1,690,704	4,414,352	16,530,808
Balance – ending	111,347,701	117,226,115	111,347,701	117,119,633
<b>ACTUARIAL GAINS</b>				
Balance – beginning and ending	1,636,864	1,194,146	1,636,864	1,194,146
Actuarial gains (loss)	-	-	-	-
Balance – ending	1,636,864	1,194,146	1,636,864	1,194,146
<b>MINORITY INTEREST</b>				
Balance – beginning	159,399,858	156,971,966	157,961,322	152,004,282
Net income for the period	1,354,576	692,656	2,793,112	5,660,341
Balance – ending	160,754,434	157,664,622	160,754,434	157,664,623
<b>TOTAL EQUITY</b>	<b>P 1,740,345,178</b>	<b>P 1,739,766,063</b>	<b>P 1,740,345,178</b>	<b>P 1,739,659,582</b>

**CROWN EQUITIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	3rd Quarter Ended Sept. 30		Year to Date Ended Sept. 30	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax	14,577,835	1,429,307	11,472,219	27,808,948
Adjustments for:				
(Gain)/Loss from cancelled contracts	(1,689,411)	(26,300)	(239,084)	(23,249)
Depreciation and amortization	2,629,843	1,422,091	8,906,619	9,235,438
Retirement expense	465,375	196,896	1,449,375	590,686
Unrealized foreign exchange (gain)/loss	(2,477,011)	(1,446,477)	202,876	(1,174,194)
Dividend Income	(117,121)	(98,988)	(361,702)	(303,672)
Realized gain on sale of financial asset at FVPL	(1,254,598)	-	(1,254,598)	-
Interest income	(745,208)	(2,747,674)	(2,427,983)	(16,161,107)
Unrealized gain (loss) in the change in value of financial assets at FVPL	(3,817,768)	4,078,524	(5,906,694)	5,353,192
Operating loss before working capital changes	7,571,935	2,807,379	11,841,027	25,326,042
Decrease (increase) in:				
Installment contracts receivable	(1,700,302)	1,168,529	2,186,894	(7,931,797)
Receivables	(7,374,708)	6,107,358	(24,169,192)	(9,358,404)
Inventories	(525,433)	(1,734,096)	3,639,024	10,144,980
Other current assets	(2,562,399)	1,098,164	(2,308,008)	6,184,086
Increase (decrease) in accounts payable and accrued expenses	8,139,267	(13,998,616)	18,978,089	(18,896,690)
Cash generated from (used in) operations	3,548,360	(4,551,282)	10,167,834	5,468,217
Interest received - net of tax	598,518	3,026,720	1,944,738	16,161,107
Income taxes paid	746,692	(758,403)	(2,013,270)	(5,617,799)
Net cash provided by (used in) operating activities	4,893,571	(2,282,965)	10,099,303	16,011,525
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to property and equipment and investment properties	(2,422,226)	1,800,488	(3,391,091)	1,295,787
Increase / (Decrease) in:				
Financial assets at fair value through profit or loss	3,397,364	1,496,859	(11,385,486)	(44,620)
Other noncurrent assets	(69,142)	(6,220,232)	(986,370)	(3,573,911)
Dividend Received	117,121	98,988	361,702	283,970
Net cash provided by (used in) investing activities	1,023,117	(2,823,897)	(15,401,245)	(2,038,774)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Decrease in due to related party	-	(4,000,000)	-	(7,600,000)
<b>EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>				
	6,739,701	(4,228,184)	2,315,984	(4,500,467)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>12,656,389</b>	<b>(13,335,046)</b>	<b>(2,985,957)</b>	<b>(2,652,536)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>188,367,943</b>	<b>213,293,644</b>	<b>204,010,289</b>	<b>202,611,044</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>201,024,332</b>	<b>199,958,598</b>	<b>201,024,332</b>	<b>199,958,508</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, 2016 and 2015, the Parent Company has ownership interests in the following subsidiaries and associates, all incorporated in the Philippines:

	Effective Percentage of Ownership	
	2016	2015
<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. (FMCMI) <sup>(c)</sup>	97%	97%
<b>Joint Venture</b>		
Sky Leisure Properties, Inc. (SLPI)	50%	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 2016 and 2015, respectively.*

**2. Basis of Preparation**

Basis 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, 2016 and 2015.

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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 nine-month period ended September 30, 2016 and 2015 and certain assets and liability information regarding industry segments as at September 30, 2016 and 2015 (in thousands).

	Real Estate	Healthcare Services	Investment Holdings	Elimination	Total
Year to Date September 30, 2016					
REVENUES	82,069	39,413	460	(6,908)	115,035
RESULTS					
Segment results	3,571	(23)	(444)	-	3,104
Interest Income					2,427
Change in fair value of financial assets at FVPL					5,906
Income Tax Expense					(4,265)
Net Income	7,671	(20)	(443)	-	7,207
ASSETS AND LIABILITIES					
Segment Assets	2,202,893	42,656	77,594	(374,363)	1,948,780
Intangible Assets	-	-	21,740	-	21,740
Total Assets	2,202,893	42,656	99,334	(374,363)	1,970,520
Segment Liabilities	230,724	25,805	78,962	(105,317)	230,174
OTHER SEGMENT INFORMATION					
Depreciation	6,700	1,340	867	-	8,907
Capital Expenditure in property and equipment	4,423	464	61	-	4,948
Capital Expenditure in Investment Property					-
Investments and advances in associates – net	603,503	-	22,851	(391,442)	234,439
Year to Date September 30, 2015					
REVENUES	124,787	35,687	-	(5,192)	155,282
RESULTS					
Segment results	30,554	(4,308)	(4,297)	4,297	28,714
Other income					905
Income Tax Expense					(5,618)
Minority Interest					(5,660)
Net Income					16,530
ASSETS AND LIABILITIES					
Segment Assets	2,192,767	36,838	96,376	(412,065)	1,913,917
Intangible Assets	-	-	21,740	-	21,740
Total Assets	2,192,767	36,838	118,116	(412,065)	1,935,657
Segment Liabilities	217,649	19,451	78,962	(120,171)	195,892
OTHER SEGMENT INFORMATION					
Depreciation	7,036	2,199	-	-	9,235
Capital Expenditure in property and equipment	5,788	432			6,220
Capital Expenditure in Investment Property	8,560	-	-	-	8,560
Investments and advances in associates – net	611,186	-	13,426	(390,173)	234,439

Amounts in Php thousands.

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**5. 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, 2016	As of September 30, 2015
Net income (loss) attributable to parent stockholders	₱4,414,352	₱16,530,808
Divided by weighted Average number of		
Outstanding common shares	13,599,999,960	13,599,999,960
Income (loss) per share	<u>₱0.00032</u>	<u>₱0.001216</u>

CROWN EQUITIES, INC. AND SUBSIDIARIES

Aging of Financial Assets

As of September 30, 2016

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
<b>Financial Assets</b>							
a. Cash and cash equivalents							
1. Cash in bank	35,015,833.21	35,015,833.21					
2. Short-term placements	165,950,000.00	165,950,000.00					
	200,965,833.21	200,965,833.21					
b. Trade receivable							
1. Installment contract receivable	67,855,638.45	5,675,419.03	5,202,467.44	2,635,015.98	19,019,957.60	19,019,957.60	16,302,820.80
2. Receivable from sale of medical goods and services	21,399,755.78	5,192,990.97	2,310,561.38	1,169,910.46	1,091,166.72	676,243.95	10,958,882.30
Less: Allowance for doubtful account	(10,183,116.49)						(10,183,116.49)
Net trade receivable	79,072,277.74	10,868,410.00	7,513,028.82	3,804,926.43	20,111,124.32	19,696,201.55	17,078,586.61
c. Non-trade receivable							
1. Due from project developers	47,782,255.36			47,782,255.36			
2. Receivable from buyers	3,182,391.05			3,182,391.05			
3. Rent receivables	2,404,126.52			2,404,126.52			
4. Interest receivables	1,495,755.83			1,495,755.83			
6. Others	4,137,026.91			4,137,026.91			
Sub-total	59,001,555.68			59,001,555.68			
Less: Allowance for doubtful account	(372,126.00)						(372,126.00)
Net Non-trade receivable	58,629,429.68			59,001,555.68			(372,126.00)

**CROWN EQUITIES, INC. AND SUBSIDIARIES**  
**Crown Center, 158 Jupiter corner N. Garcia Streets, Makati City**  
**SCHEDULE OF PHILIPPINE FINANCIAL REPORTING STANDARDS AND**  
**INTERPRETATIONS**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
<b>Framework for the Preparation and Presentation of Financial Statements</b> Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
<b>PFRSs Practice Statement Management Commentary</b>			✓	
<b>Philippine Financial Reporting Standards</b>				
<b>PFRS 1 (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	✓		
<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'			✓
<b>PFRS 3 (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			✓
<b>PFRS 5</b>	Non-current Assets Held for Sale and Discontinued Operations			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Changes in method for disposal			✓
<b>PFRS 6</b>	Exploration for and Evaluation of Mineral Resources			✓
<b>PFRS 7</b>	Financial Instruments: Disclosures	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	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			✓
	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		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Entities: Applying the Consolidation Exception				
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	✓		
<b>Philippine Accounting Standards</b>				
PAS 1 (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	✓		
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	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
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 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans:			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Employee Contributions			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Discount rate in a regional market sharing the same currency – e.g. the Eurozone			✓
<b>PAS 20</b>	Accounting for Government Grants and Disclosure of Government Assistance			✓
<b>PAS 21</b>	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
<b>PAS 23 (Revised)</b>	Borrowing Costs	✓		
<b>PAS 24 (Revised)</b>	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Definition of 'related party'	✓		
<b>PAS 26</b>	Accounting and Reporting by Retirement Benefit Plans	✓		
<b>PAS 27 (Amended)</b>	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		✓	
<b>PAS 28 (Amended)</b>	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		✓	
<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 Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Financial Instruments Presentation – Income Tax Consequences of Distributions			✓
<b>PAS 33</b>	Earnings per Share	✓		
<b>PAS 34</b>	Interim Financial Reporting			✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Interim Financial Reporting – Segment Assets and Liabilities			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Disclosure of information "elsewhere in the interim financial report"			✓
<b>PAS 36</b>	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount 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: Restatement of accumulated depreciation	✓		

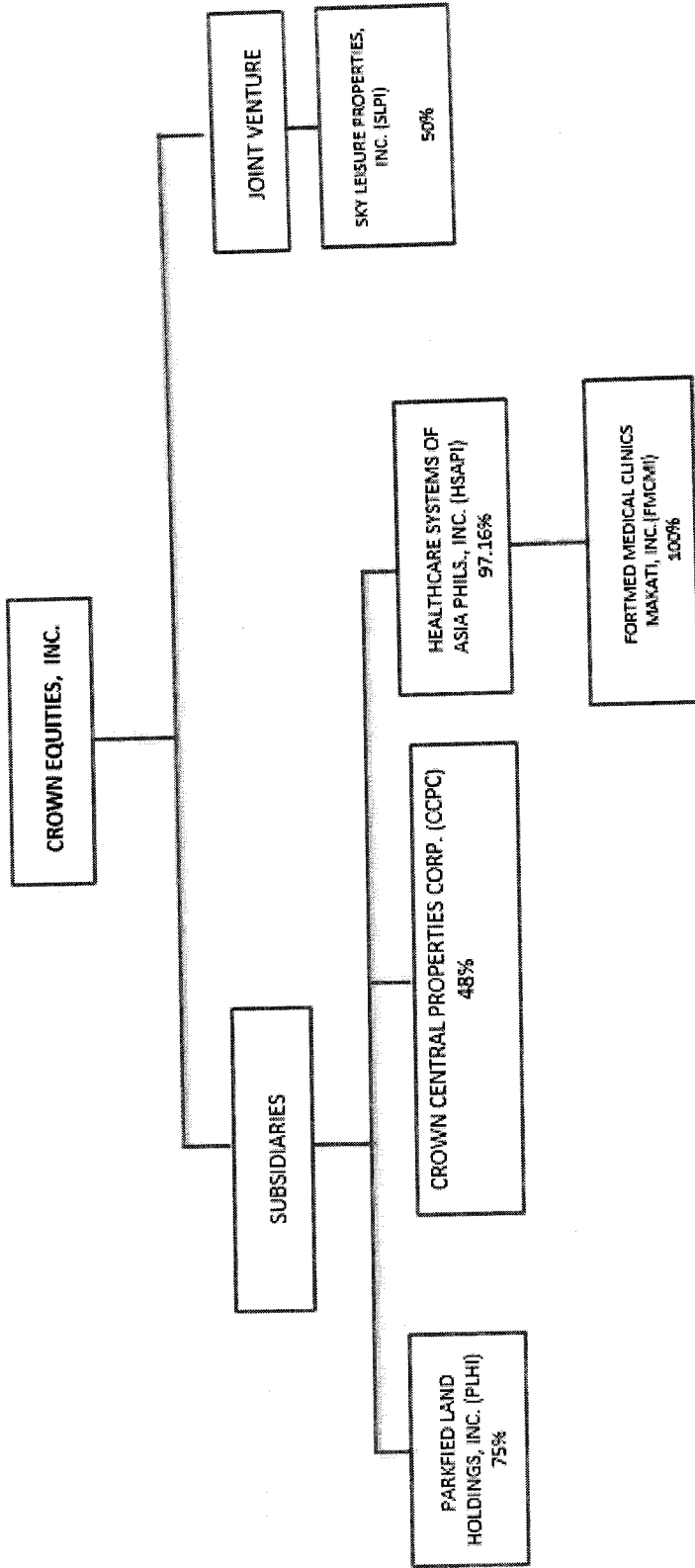
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	(amortization) on revaluation (Amendments to PAS 16 and PAS 38)			
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		✓	
<b>PAS 39</b>	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	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 Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
<b>PAS 40</b>	Investment Property	✓		
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)	✓		
<b>PAS 41</b>	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			
<b>Philippine Interpretations</b>				
<b>IFRIC 1</b>	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
<b>IFRIC 2</b>	Members' Share in Co-operative Entities and Similar Instruments			✓
<b>IFRIC 4</b>	<i>Determining Whether an Arrangement Contains a Lease</i>	✓		
<b>IFRIC 5</b>	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
<b>IFRIC 6</b>	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓
<b>IFRIC 7</b>	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
<b>IFRIC 9</b>	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
<b>IFRIC 10</b>	<i>Interim Financial Reporting and Impairment</i>			✓
<b>IFRIC 12</b>	Service Concession Arrangements			✓
<b>IFRIC 13</b>	Customer Loyalty Programmes			✓
<b>IFRIC 14</b>	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			✓



<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> Effective as of December 31, 2015		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>IFRIC 16</b>	Hedges of a Net Investment in a Foreign Operation			✓
<b>IFRIC 17</b>	Distributions of Non-cash Assets to Owners			✓
<b>IFRIC 18</b>	Transfers of Assets from Customers			✓
<b>IFRIC 19</b>	Extinguishing Financial Liabilities with Equity Instruments			✓
<b>IFRIC 20</b>	Stripping Costs in the Production Phase of a Surface Mine			✓
<b>IFRIC 21</b>	Levies			✓
<b>SIC-7</b>	Introduction of the Euro			✓
<b>SIC-10</b>	Government Assistance - No Specific Relation to Operating Activities			✓
<b>SIC-15</b>	Operating Leases - Incentives	✓		
<b>SIC-25</b>	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
<b>SIC-27</b>	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
<b>SIC-29</b>	Service Concession Arrangements: Disclosures.			✓
<b>SIC-31</b>	Revenue - Barter Transactions Involving Advertising Services			✓
<b>SIC-32</b>	Intangible Assets - Web Site Costs			✓
<b>Philippine Interpretations Committee Questions and Answers</b>				
<b>PIC Q&amp;A 2006-01</b>	PAS 18, Appendix, paragraph 9 – Revenue recognition for sales of property units under pre-completion contracts			✓
<b>PIC Q&amp;A 2006-02</b>	PAS 27.10(d) – Clarification of criteria for exemption from presenting consolidated financial statements			✓
<b>PIC Q&amp;A 2007-01- Revised</b>	PAS 1.103(a) – Basis of preparation of financial statements if an entity has not applied PFRSs in full			✓
<b>PIC Q&amp;A 2007-02</b>	PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02]			✓
<b>PIC Q&amp;A 2007-03</b>	PAS 40.27 – Valuation of bank real and other properties acquired (ROPA)			✓
<b>PIC Q&amp;A 2007-04</b>	PAS 101.7 – Application of criteria for a qualifying NPAE			✓
<b>PIC Q&amp;A 2008-01- Revised</b>	PAS 19.78 – Rate used in discounting post-employment benefit obligations			✓
<b>PIC Q&amp;A 2008-02</b>	PAS 20.43 – Accounting for government loans with low interest rates under the amendments to PAS 20			✓
<b>PIC Q&amp;A 2009-01</b>	Framework.23 and PAS 1.23 – Financial statements prepared on a basis other than going concern			✓
<b>PIC Q&amp;A 2009-02</b>	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			✓
<b>PIC Q&amp;A 2010-01</b>	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			✓
<b>PIC Q&amp;A 2010-02</b>	PAS 1R.16 – Basis of preparation of financial statements	✓		
<b>PIC Q&amp;A 2010-03</b>	PAS 1 Presentation of Financial Statements – Current/non-current classification of a callable term loan	✓		

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> Effective as of December 31, 2015		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>PIC Q&amp;A 2011-01</b>	PAS 1.10(f) – Requirements for a Third Statement of Financial Position			✓
<b>PIC Q&amp;A 2011-02</b>	PFRS 3.2 – Common Control Business Combinations			✓
<b>PIC Q&amp;A 2011-03</b>	Accounting for Inter-company Loans			✓
<b>PIC Q&amp;A 2011-04</b>	PAS 32.37-38 – Costs of Public Offering of Shares			✓
<b>PIC Q&amp;A 2011-05</b>	PFRS 1.D1-D8 – Fair Value or Revaluation as Deemed Cost			✓
<b>PIC Q&amp;A 2011-06</b>	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property – Acquisition of Investment properties – asset acquisition or business combination?			✓
<b>PIC Q&amp;A 2012-01</b>	PFRS 3.2 – Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			✓
<b>PIC Q&amp;A 2012-02</b>	Cost of a New Building Constructed on the Site of a Previous Building			✓
<b>PIC Q&amp;A 2013-01</b>	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✓
<b>PIC Q&amp;A 2013-02</b>	Conforming Changes to PIC Q&As - Cycle 2013			✓
<b>PIC Q&amp;A 2013-03 (Revised)</b>	PAS 19 – Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			✓

Crown Equities, Inc. and Subsidiaries  
Map of Conglomerate  
June 30, 2016



Crown Equities, Inc.  
Crown Center, 158 Jupiter corner N. Garcia Streets, Makati City  
**SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR  
DIVIDEND DECLARATION**

*((Figures based on functional  
currency of unaudited financial  
statements as of and for the period  
ended September 30, 2016))*

Unappropriated Retained Earnings, beginning	P55,113,061
Net income/ (loss)	(3,068,547)
Non-actual/unrealized loss (gain) net of tax	-
Fair value adjustments (M2M gains)	-
<b>TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND, ENDING</b>	<b>P52,044,514</b>

Crown Equities, Inc.  
Financial Soundness Indicator  
September 30, 2016

Indicator	As of			Formula
	Sep 2016	June 2016	Dec 2015	
Current Ratio	2.73x	2.79x	2.87x	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Cash Ratio	0.93x	.94x	1.05x	$\frac{\text{Cash and Cash equivalents}}{\text{Current Liabilities}}$
Debt-Equity Ratio	0.13x	0.12x	0.12x	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Debt-Asset Ratio	0.12x	0.11x	0.11x	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Asset-Equity Ratio	1.13x	1.12x	1.12x	$\frac{\text{Total Asset}}{\text{Total Equity}}$
Investment Ratio	0.47x	0.48x	0.48x	$\frac{\text{Total Investment and Advances}}{\text{Total Asset}}$
	YTD			
	Sep 2016	June 2016	Dec 2015	
Interest Coverage Ratio	Nil	Nil	Nil	$\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense}}$
Net Income Margin	8%	(13%)	6.42%	$\frac{\text{Net Income after Minority Interest}}{\text{Net Revenues}}$
Return on Assets	0.23%	(0.35%)	0.63%	$\frac{\text{Net Income after Minority Interest}}{\text{Average Total Assets}}$
Earnings Per Share	0.000324	(0.00050)	0.00047	$\frac{\text{Net Income after Minority Interest}}{\text{Total Shares Subscribed}}$