

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: March 31, 2018
- 2. Commission Identification Number: 38745
- 3. BIR Tax Identification No.: 002-837-461
- 4. Exact name of issuer as specified in its charter: CROWN EQUITIES, INC.
- 5. Province, country or other jurisdiction of in Company or organization: Philippines
- 6. Industry Classification Code:  (SEC Use Only)
- 7. Address of issuer's principal office: Crown Center, 158 Jupiter Corner N. Garcia Street, Bel-Air, Makati City Postal Code: 1209
- 8. Issuer's telephone number, including area code: (632) 899-04-55
- 9. Former name, former address and former fiscal year, if changed since last report: N/A
- 10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

Yes  No

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

Philippine Stock Exchange / Common Shares

- 12. Indicate by check mark whether the registrant:

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

Yes  No

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

Yes  No

# COVER SHEET

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

S.E.C. Registration Number

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

(Group's Full Name)

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

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

Atty. Elmer B. Serrano

Contact Person

899-0081

Group Telephone Number

1 2

Month

3 1

Day

FORM TYPE

Month

Month

Day

Day

Annual Meeting

Secondary License Type, If Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Dept. Requiring this Doc.

Amended Articles Number/Section

Amended Articles Number/Section

Total No. of Stockholders

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

LCU

Document I.D.

Document I.D.

Cashier

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

## 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

	Mar. 31, 2018 (Unaudited)	Dec. 31, 2017 (Audited)	Increase (Decrease)	% Change
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	118.72	264.39	(145.67)	-55.10%
Financial assets at fair value through profit or loss	85.24	67.36	17.88	26.55%
Installment contract receivables - current portion	13.43	13.90	(0.47)	-3.36%
Trade and other receivables - net	57.92	57.61	0.30	0.53%
Loan receivable - current portion	10.00	10.00	-	0.00%
Inventories	179.66	172.65	7.01	4.06%
Assets held for sale	258.83	361.28	(102.45)	-28.36%
Other current assets	36.43	29.22	7.21	24.69%
<b>Total Current Assets</b>	<b>760.24</b>	<b>976.41</b>	<b>(216.17)</b>	<b>-22.14%</b>
<b>Noncurrent Assets</b>				
Available-for-sale financial asset	47.34	47.34	(0.00)	0.00%
Installment contracts receivable - net of current portion	53.84	58.64	(4.80)	-8.18%
Property and equipment - net	269.33	271.54	(2.21)	-0.81%
Investment properties - net	931.17	698.17	233.00	33.37%
Goodwill	21.74	21.74	-	0.00%
Other noncurrent assets	38.92	38.92	(0.01)	-0.02%
<b>Total Noncurrent Assets</b>	<b>1,362.34</b>	<b>1,136.35</b>	<b>225.99</b>	<b>19.89%</b>
	<b>2,122.58</b>	<b>2,112.76</b>	<b>9.82</b>	<b>0.46%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Accounts payable and other liabilities	186.07	177.55	8.52	4.80%
Due to related parties	11.68	16.88	(5.19)	-30.77%
Income tax payable	3.95	2.04	1.91	93.64%
Liabilities directly associated with assets held for sale	42.16	42.16	-	0.00%
<b>Total Current Liabilities</b>	<b>243.86</b>	<b>238.62</b>	<b>5.24</b>	<b>2.20%</b>
<b>Noncurrent Liability</b>				
Retirement liability	13.63	13.14	0.49	3.75%
<b>Total Liabilities</b>	<b>257.49</b>	<b>251.76</b>	<b>5.73</b>	<b>2.28%</b>
<b>Equity</b>				
Capital stock	1,351.79	1,348.04	3.75	0.28%
Additional paid-in capital	118.57	118.57	-	0.00%
Retained earnings	240.88	243.10	(2.22)	-0.91%
<b>Total Equity Attributable to Equity Holders of the Parent Company</b>	<b>1,711.23</b>	<b>1,709.70</b>	<b>1.53</b>	<b>0.09%</b>
Non-controlling interests	153.85	151.30	2.55	1.69%
<b>Total Equity</b>	<b>1,865.09</b>	<b>1,861.00</b>	<b>4.09</b>	<b>0.22%</b>
	<b>2,122.58</b>	<b>2,112.76</b>	<b>9.82</b>	<b>0.46%</b>

*Amounts in million pesos, except percentages*

### Total Assets

Total assets barely moved from yearend 2017 level of ₱2.12 billion. Though current assets decreased by ₱216.17 million, total non-current assets, on the other hand, increased by ₱225.99 million thereby offsetting the movements in current assets during the quarter.

### Current Assets

As of March 31, 2018, total current assets stood at ₱760.24 million, 22.14% lower than the year end 2017 level of ₱976.41 million. Cash was used in operations as well as the acquisition of investment properties resulting to a net reduction by 55.10% to ₱118.72 million. There was partial collection of advances to a joint venture recorded under assets held for sale amounting to ₱102.45 million, reducing same by 28.36% from the ₱361.28 million balances reflected in December 31, 2017. Collections were made also from customers reducing installment contract receivable- current. Additional investments were made in marketable securities included in financial assets at fair value through profit or loss and in financial assets included in other current assets, increasing same by 26.55% and 24.69% respectively.

### Noncurrent Assets

Total noncurrent assets increase to ₱1.36 billion resulting from a net addition of ₱225.99 million during the quarter ending March 31, 2018. Despite collection of non-current portion of installment contracts receivable and depreciation of property and equipment during the period, total noncurrent assets increased due to net addition to investment properties amounting to P233 million. The net addition increased the cost of its landholdings by 33.37% to ₱931.17 million and has brought the Corporation closer to completing its consolidation of its real properties in Taguig City.

### Liabilities and Stockholders' Equity

The total liabilities moved during the period, from ₱251.76 million as of yearend 2017 to ₱257.49 million at the end of the first quarter of 2018. Accounts payable increased by ₱8.52 million due to customers deposit and accrual of liabilities to contractors. On the other hand, due to related parties decreased by ₱ 5.19 million resulting from the payment of dividends declared by a joint venture in the previous year.

Meanwhile, stockholders' equity increased by ₱ 4.09 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

	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)	Increase (Decrease)	% Change
<b>REVENUES</b>				
Real estate sales	18,008,469	5,749,020	12,259,449	213.24%
Sale of goods and services	16,418,400	13,533,532	2,884,869	21.32%
Interest on installment contract receivable	3,728,250	2,620,301	1,107,949	42.28%
Interest on loans	250,000	250,000	0	0.00%
Rent income	3,185,322	2,625,107	560,215	21.34%
Dividend income	754,900	95,823	659,077	687.81%
	<b>42,345,342</b>	<b>24,873,783</b>	<b>17,471,559</b>	<b>70.24%</b>
<b>COST AND EXPENSES</b>				
Cost of real estate sales	7,226,951	2,716,408	4,510,543	166.05%
Cost of medical goods and services	5,830,758	4,928,032	902,726	18.32%
Salaries and employee benefits	11,946,251	11,469,091	477,159	4.16%
Depreciation and amortization	3,457,215	3,389,791	67,424	1.99%
Commission	1,466,341	368,617	1,097,724	297.80%
Other operating expenses	8,229,821	8,447,017	(217,196)	-2.57%
	<b>38,157,336</b>	<b>31,318,956</b>	<b>6,838,380</b>	<b>21.83%</b>
<b>OTHER INCOME (CHARGES) - Net</b>	<b>(1,708,990)</b>	<b>7,891,044</b>	<b>(9,600,034)</b>	<b>-121.66%</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>2,479,015</b>	<b>1,445,871</b>	<b>1,033,144</b>	<b>71.45%</b>
<b>INCOME TAX EXPENSE - Net</b>	<b>2,142,633</b>	<b>1,401,383</b>	<b>741,250</b>	<b>52.89%</b>
<b>NET INCOME/(LOSS)</b>	<b>336,382</b>	<b>44,488</b>	<b>291,894</b>	<b>656.12%</b>

Total revenue for the first quarter ending March 31, 2018 amounted to ₱42.30 million. This is a 70.24% growth over the same period in 2017. Revenues from real estate sales and real estate related interest income account for 51.67% of the total revenues. Real estate sales amounted to ₱18 million which is 213.24% higher than the ₱5.75 million recorded last year. The related interest on installment contracts receivable likewise increase by 42.28% to ₱3.73 million from the previous period's ₱2.62 million. There were more real estate lots and houses recognized sold during the period compared to those recognized for the same period in 2017.

Meanwhile, the sale of goods and services amounted to ₱16.42 million or 39.01% of the total revenues. The healthcare business revenue improved during the first quarter of 2018 registering 21.32% sales growth compared to revenue in the same period last year.

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 21.34% compared to the same period in 2017 as contracts get renewed and occupancy rate improves.

While total revenues grew by 70.24%, total cost and expenses only increased by 21.83%. Cost of real estate sales and related commission expense increase due to the higher number of units recognized sold during the period. Cost of medical services likewise grew, although at a smaller pace at 18.32%.

Other income reflected a negative amount of ₱1.71 million during the first quarter of 2018 as declines in stock market prices of marketable securities weighted down on income from bank placements.

Income tax expense amounted to ₱2.1 million compared to ₱1.4 million in 2017 as revenues for the period were much higher compared to the first quarter in the previous year.

### *Key Performance Indicators*

Indicator	As of		Formula
	Mar. 2018	Dec. 2017	
Current Ratio	3.12x	4.09x	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Cash Ratio	0.49x	1.11x	$\frac{\text{Cash and Cash equivalents}}{\text{Current Liabilities}}$
Debt-Equity Ratio	0.14x	0.14x	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Debt-Asset Ratio	0.12x	0.12x	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Asset-Equity Ratio	1.14x	1.14x	$\frac{\text{Total Asset}}{\text{Total Equity}}$
Investment Ratio	0.44x	0.33x	$\frac{\text{Total Investment and Advances}}{\text{Total Asset}}$
	YTD		
	Mar. 2018	Dec. 2017	
Interest Coverage Ratio	Nil	Nil	$\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense}}$
Net Income Margin	0.79%	84.94%	$\frac{\text{Net Income after Minority Interest}}{\text{Net Revenues}}$
Return on Assets	0.02%	6.30%	$\frac{\text{Net Income after Minority Interest}}{\text{Average Total Assets}}$
Earnings (Loss) Per Share	(0.000163)	0.00889	$\frac{\text{Net Income after Minority Interest}}{\text{Total Shares Subscribed}}$

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

#### Liquidity

As of March 31, 2018, current ratio decreased to 3.12x compared to 4.09x as of December 31, 2017 due to a significant use of cash to acquire properties as well as increase in current liabilities particularly accounts payable and accrued expenses. Cash ratio during the period dropped to .49x from 1.11x as of March 31, 2018 and December 31, 2017, respectively. The decrease in cash balance as well as the increase in accounts payable and accrued expenses causes the decrease in cash ratio. Liquidity position remains positive during the period.

#### Solvency / Leverage

Leverage stance remained low as of March 31, 2018 having debt-equity at 0.14x, debt-asset ratio at 0.12x and asset-equity ratio at 1.14x due to the Corporation's efficient management of its liabilities. The company has a nil interest coverage ratio as it has not incurred any interest expense for the period.

#### Investment Ratio

Continued competence of the Corporation's investments made investment ratio of 0.44x and 0.33x as of March 31, 2018 and December 31, 2017, respectively.

#### Profitability

Net income margin significantly decreased by 0.79% for the first quarter of 2018.

#### Return on Assets

The return on assets as of March 31, 2018 decreased to 0.02% due to a lower recognized income for the quarter.

#### Earnings per Share

As a result of the decrease in the Company's profitability for the first quarter of 2018, loss per share is .000163x compared to .00889 income per share as of December 31, 2017. The Company's number of outstanding shares has been fixed for the past five years.

## **PART II - OTHER INFORMATION**

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

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

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

Management has no known trends, demands, commitments, events or uncertainties in the present operations of the Company that is likely to result in the Company's liquidity increasing or decreasing in any material way nor it is aware of any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation and there are no material off-balance sheet transactions, arrangements, obligations (including contingent obligation), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

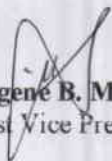
As of this report, the Company has no material commitment for capital expenditure. Management is not aware of any trends, events or uncertainties that have or will have material impact on net sales or revenues or income from continuing operations neither of its operating subsidiaries nor of any seasonal aspects that had a material effect on the financial condition or results of operation of the Company.


**SIGNATURES**

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

**CROWN EQUITIES, INC.**

By:

  
Eugene B. Macalalag  
First Vice President

  
Romuald U. Dy Tang  
President

Date: April 25, 2018



**CROWN EQUITIES, INC. AND SUBSIDIARIES**

**UNAUDITED FINANCIAL STATEMENTS  
MARCH 31, 2018**

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

	Mar. 31, 2018	Dec. 31, 2017
	Unaudited	Audited
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	118,722,992	264,388,005
Financial assets at fair value through profit or loss	85,241,612	67,357,783
Installment contract receivables - current portion	13,429,462	13,895,923
Trade and other receivables - net	57,919,162	57,614,437
Loan receivable - current portion	10,000,000	10,000,000
Inventories	179,661,111	172,652,090
Assets held for sale	258,832,867	361,282,867
Other current assets	36,429,269	29,216,395
<b>Total Current Assets</b>	<b>760,236,475</b>	<b>976,407,499</b>
<b>Noncurrent Assets</b>		
Available-for-sale financial asset	47,344,659	47,344,659
Installment contracts receivable - net of current portion	53,837,487	58,636,222
Property and equipment - net	269,329,247	271,540,545
Investment properties - net	931,172,840	698,169,105
Goodwill	21,740,604	21,740,604
Other noncurrent assets	38,917,369	38,923,609
<b>Total Noncurrent Assets</b>	<b>1,362,342,205</b>	<b>1,136,354,744</b>
	<b>2,122,578,680</b>	<b>2,112,762,244</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other liabilities	186,067,897	177,548,684
Due to related parties	11,682,693	16,875,000
Income tax payable	3,952,201	2,041,055
Liabilities directly associated with assets held for sale	42,158,700	42,158,700
<b>Total Current Liabilities</b>	<b>243,861,491</b>	<b>238,623,439</b>
<b>Noncurrent Liability</b>		
Retirement liability	13,629,307	13,137,307
<b>Total Liabilities</b>	<b>257,490,798</b>	<b>251,760,746</b>
<b>Equity</b>		
Capital stock	1,351,785,906	1,348,035,906
Additional paid-in capital	118,570,274	118,570,274
Retained earnings	240,878,275	243,096,103
<b>Total Equity Attributable to Equity Holders of the Parent Company</b>	<b>1,711,234,455</b>	<b>1,709,702,283</b>
Non-controlling interests	153,853,427	151,299,215
<b>Total Equity</b>	<b>1,865,087,882</b>	<b>1,861,001,497</b>
	<b>2,122,578,680</b>	<b>2,112,762,243</b>

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

	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)
<b>REVENUES</b>		
Real estate sales	18,008,469	5,749,020
Sale of goods and services	16,418,400	13,533,532
Interest on installment contract receivable	3,728,250	2,620,301
Interest on loans	250,000	250,000
Rent income	3,185,322	2,625,107
Dividend income	754,900	95,823
	<b>42,345,342</b>	<b>24,873,783</b>
<b>COST AND EXPENSES</b>		
Cost of real estate sales	7,226,951	2,716,408
Cost of medical goods and services	5,830,758	4,928,032
Salaries and employee benefits	11,946,251	11,469,091
Depreciation and amortization	3,457,215	3,389,791
Commission	1,466,341	368,617
Other operating expenses	8,229,821	8,447,017
	<b>38,157,336</b>	<b>31,318,956</b>
<b>OTHER INCOME (CHARGES) - Net</b>	<b>(1,708,990)</b>	<b>7,891,044</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>2,479,015</b>	<b>1,445,871</b>
<b>INCOME TAX EXPENSE - Net</b>	<b>2,142,633</b>	<b>1,401,383</b>
<b>NET INCOME/(LOSS)</b>	<b>336,382</b>	<b>44,488</b>

**CROWN EQUITIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE QUARTERS ENDED MARCH 31, 2018 AND 2017**

	Equity Attributable to Equity Holders of the Parent Company						Non-controlling Interests	Total Equity
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Actuarial Gains	Total			
As of January 1, 2018	₱1,348,035,906	₱118,570,274	₱238,281,082	₱4,815,022	₱1,586,435,215	₱151,299,215	₱1,861,001,499	
Total comprehensive income for period	-	-	(2,217,828)	-	(2,217,828)	2,254,212	336,383	
Net income for the period	-	-	(2,217,828)	-	(2,217,828)	2,254,212	336,383	
Subscription receivable collected	3,750,000	-	-	-	3,750,000	-	3,750,000	
As of March 31, 2018	₱1,351,785,906	₱118,570,274	₱236,063,253	₱4,815,022	₱1,711,234,455	₱153,853,427	₱1,865,087,882	
As of January 1, 2017	₱1,348,035,906	₱118,570,274	₱117,313,184	₱2,515,851	₱1,586,435,215	₱160,357,183	₱1,746,792,398	
Total comprehensive income for period	-	-	370,719	-	370,719	(415,207)	44,488	
Net income for the period	-	-	370,719	-	370,719	(415,207)	44,488	
As of March 31, 2017	₱1,348,035,906	₱118,570,274	₱117,683,903	₱2,515,851	₱1,586,805,934	₱159,941,976	₱1,746,836,886	

**CROWN EQUITIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTERS ENDED MARCH 31, 2018 AND 2017**

	2018	2017
	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	2,479,017	1,445,871
Adjustments for:		
Depreciation and amortization	3,457,215	3,389,791
Retirement expense	492,000	492,000
Interest income	(4,889,501)	(4,158,346)
Unrealized foreign exchange gain (loss)	(1,386,410)	(295,271)
Gain (Loss) from cancelled contracts and forfeited customers' deposits	5,258,472	(3,612,986)
Dividend income	(754,900)	(95,823)
Unrealized (gain) loss in the change in value of financial assets at FVPL	1,830,248	(1,225,347)
Operating income before working capital changes	6,486,141	(4,060,111)
Decrease (Increase) in:		
Financial assets at fair value through profit or loss	(19,714,077)	(1,412,056)
Installment contract receivables	(905,671)	5,572,685
Receivables	(304,725)	(914,092)
Inventories	(2,258,156)	(5,567,855)
Other current assets	(7,212,874)	(1,901,648)
Increase (decrease) in accounts and other payables	4,680,745	11,550,209
Cash generated from (absorbed by) operations	(19,228,617)	3,267,132
Interest received	4,889,501	4,158,346
Dividend received	754,900	95,823
Income taxes paid	(231,487)	(264,028)
Net cash provided by operating activities	(13,815,704)	7,257,273
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of assets held for sale	102,450,000	-
Acquisition of property and equipment	(759,051)	(1,440,011)
Acquisition of investment properties	(233,490,601)	-
Other noncurrent assets	6,240	569,356
Net cash provided by (used in) investing activities	(131,793,411)	(870,655)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collection of subscriptions receivable	3,750,000	-
Decrease in due to related parties	(5,192,307)	-
Net cash provided by (used in) financing activities	(1,442,307)	-
<b>EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	1,386,410	295,271
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(145,665,013)</b>	<b>6,681,889</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>264,388,005</b>	<b>267,841,454</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>118,722,992</b>	<b>274,523,343</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 March 31, 2018 and 2017, the Parent Company has ownership interests in the following subsidiaries and associates, all incorporated in the Philippines:

	Effective Percentage of Ownership	
	2018	2017
<b>Subsidiaries</b>		
<i>Real Estate</i>		
Crown Central Properties, Corp. (CCPC) <sup>(a)</sup>	48%	48%
Parkfield Land Holdings, Inc. (PLHI) <sup>(b)</sup>	75%	75%
<i>Healthcare</i>		
Healthcare Systems of Asia Phils., Inc. (HSAPI)	97%	97%
Fortmed Medical Clinics Makati, Inc. (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 2018 and 2017, respectively.*

**2. Basis of Preparation**

Statement of Compliance

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

#### Basis of Measurement

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

#### Functional and Presentation Currency

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

#### Basis of Consolidation

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

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

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

Non-controlling interests consist of the interests not held by the Group in PLHI, HSAPI and CCPC as of March 31, 2018 and 2017.

---

### **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 March 31, 2018 and 2017 and certain assets and liability information regarding industry segments as at March 31, 2018 and 2017 (in thousands).

	Real Estate	Healthcare Services	Investment Holdings	Elimination	Total
Year to Date March 31, 2018					
<b>REVENUES</b>	28,338	16,418	273	(2,685)	42,345
<b>RESULTS</b>					
Segment results	4,146	(692)	(56)	-	3,398
Other income	(948)	29	-	-	(919)
Income Tax Expense	(1,985)	(158)	-	-	(2,143)
Minority Interest	(2,580)	26	-	-	(2,554)
Net Income(Loss)	(1,367)	795	(56)	-	(2,218)
<b>ASSETS AND LIABILITIES</b>					
Segment Assets	2,376,060	40,915	99,358	(415,495)	2,100,838
Intangible Assets	-	-	21,741	-	21,741
Total Assets	2,376,060	40,915	121,099	(415,495)	2,122,579
Segment Liabilities	255,534	17,510	79,254	(94,807)	257,491
<b>OTHER SEGMENT INFORMATION</b>					
Depreciation	2,154	1,009	295	-	3,457
Capital Expenditure in property and equipment	670	89	-	-	759
Capital Expenditure in Investment Property	233,491	-	-	-	233,491
Investments and advances in associates – net	641,596	-	21,329	(404,092)	258,833

*Amounts in Php thousands.*

	Real Estate	Healthcare Services	Investment Holdings	Elimination	Total
Year to Date March 31, 2017					
<b>REVENUES</b>	12,073	13,534	267	(1,000)	24,874
<b>RESULTS</b>					
Segment results	1,446	(2,516)	(48)	-	(1,118)
Other income	2,510	53	-	-	2,563
Income Tax Expense	(1,274)	(127)	-	-	(1,401)
Minority Interest	-	-	-	-	(415)
Net Income	2,682	(2,590)	(48)	-	(371)
<b>ASSETS AND LIABILITIES</b>					
Segment Assets	2,201,768	38,070	99,550	(377,785)	1,961,603
Intangible Assets	-	-	21,740	-	21,740
Total Assets	2,201,768	38,070	121,290	(377,785)	1,983,343
Segment Liabilities	225,996	17,463	79,382	(86,728)	236,114
<b>OTHER SEGMENT INFORMATION</b>					
Depreciation	2,019	1,076	295	-	3,390
Capital Expenditure in property and equipment	806	603	-	-	1,409
Capital Expenditure in Investment Property	-	-	-	-	-
Investments and advances in associates – net	587,657	-	23,378	(376,597)	234,439

*Amounts in Php thousands*



### **Income (Loss) Per Share**

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

	<u>As of Mar. 31,</u> 2018	<u>As of Mar. 31,</u> 2017
Net income (loss) attributable to parent stockholders	<b>(P2,217,830)</b>	<b>P851,913</b>
Divided by weighted Average number of		
Outstanding common shares	<u>13,599,999,960</u>	<u>13,599,999,960</u>
Income (loss) per share	<u><b>( P0.000163)</b></u>	<u><b>P0.000063</b></u>

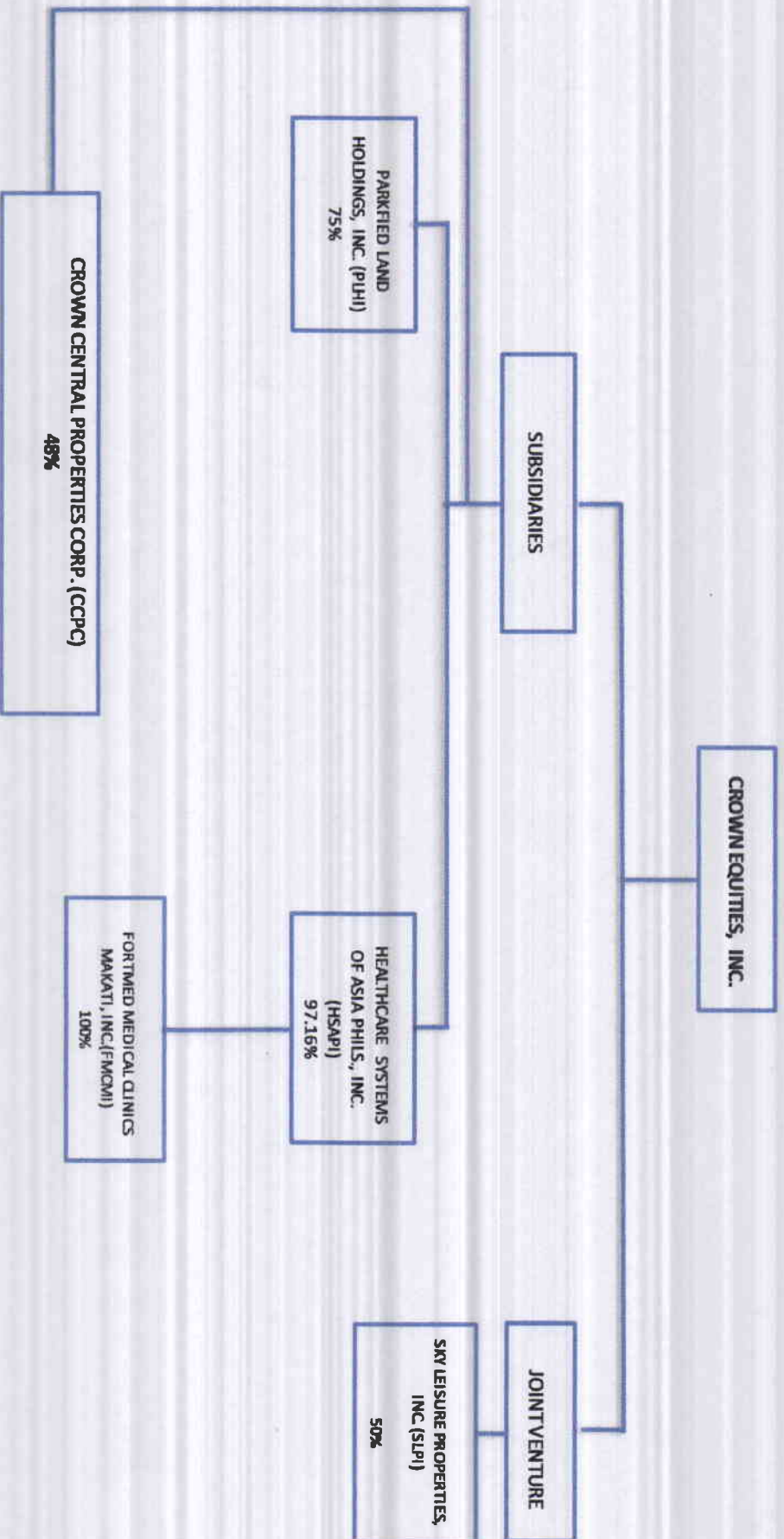
**CROWN EQUITIES, INC. AND SUBSIDIARIES**

Aging of Financial Assets

As of March 31, 2018

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>							
<b>a. Cash and cash equivalents</b>							
1. Cash in bank	69,962,992	69,962,992	-	-	-	-	-
2. Short-term placements	48,760,000	48,760,000	-	-	-	-	-
	<b>118,722,992</b>	<b>118,722,992</b>					
<b>b. Trade receivable</b>							
1. Installment contract receivable	67,266,948	4,184,004	5,549,523	6,562,763	32,592,581	16,296,290	2,081,787
2. Receivable from sale of medical goods and services	16,718,455	1,039,888	1,379,273	1,631,102	8,100,525	4,050,263	517,405
Less: Allowance for doubtful account	(6,066,711)	-	-	-	-	-	(6,066,711)
Net trade receivable	<b>77,918,692</b>	<b>5,223,892</b>	<b>6,928,796</b>	<b>8,193,865</b>	<b>40,693,106</b>	<b>20,346,553</b>	<b>(3,467,520)</b>
<b>c. Non-trade receivable</b>							
1. Due from project developers	36,743,665			36,743,665			
2. Receivable from buyers	2,050,072			2,050,072			
3. Rent receivables	2,019,382			2,019,382			
4. Interest receivables	561,834			561,834			
6. Others	5,892,466			5,892,466			
Sub-total	47,267,418	-	-	47,267,418	-	-	-
Less: Allowance for doubtful account	-	-	-	-	-	-	-
Net Non-trade receivable	<b>47,267,418</b>	<b>-</b>	<b>-</b>	<b>47,267,418</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Crown Equities, Inc. and Subsidiaries**  
**Map of Conglomerate**  
**March 31, 2018**



**CROWN EQUITIES, INC. AND SUBSIDIARIES**  
**SCHEDULE OF ALL PHILIPPINE FINANCIAL REPORTING STANDARDS**  
**AND INTERPRETATIONS AS AT MARCH 31, 2017**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2018		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
<b>Philippine Financial Reporting Standards</b>				
PFRS 1 (Revised)	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: Firsttime Adoption of Philippine Financial Reporting Standards - Repeated Application of PFRS 1			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Borrowing Cost Exemption			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: PFRS version that a first-time adopter can apply			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Deletion of short-term exemptions for first-time adopters			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Meaning of 'vesting condition'			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2018		Adopted	Not Adopted	Not Applicable
PFRS4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts			✓
PFRS5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Changes in method for disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: 'Continuing involvement' for servicing contracts			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Offsetting disclosures in condensed interim financial statements			✓
PFRS 8	Operating Segments			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Disclosures on the aggregation of operating segments			✓
PFRS 9	Financial Instruments (2014)		✓	
	Amendments to PFRS 9: Prepayment Features with Negative Compensation			✓
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			

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> <b>Effective as of March 31, 2018</b>		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>PFRS 11</b>	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			✓
<b>PFRS 12</b>	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception	✓		
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Clarification of the scope of the standard			✓
<b>PFRS 13</b>	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	✓		
<b>PFRS 14</b>	Regulatory Deferral Accounts			✓
<b>PFRS 15</b>	Revenue from Contracts with Customers		✓	
<b>PFRS 16</b>	Leases		✓	
<b>Philippine Accounting Standards</b>				
<b>PAS 1 (Revised)</b>	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	✓		
<b>PAS 2</b>	Inventories	✓		
<b>PAS 7</b>	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
<b>PAS 8</b>	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
<b>PAS 10</b>	Events after the Reporting Period	✓		
<b>PAS 11</b>	Construction Contracts	✓		

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> Effective as of March 31, 2018		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>PAS 12</b>	Income Taxes	✓		
	Amendment to PAS 12: Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
<b>PAS 16</b>	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			✓
<b>PAS 17</b>	Leases			
<b>PAS 18</b>	Revenue			
<b>PAS 19 (Amended)</b>	Employee Benefits			
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Discount rate in a regional market sharing the same currency - e.g. the Eurozone			✓
<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			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Measuring an associate or joint venture at fair value			✓
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures			

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2018		Adopted	Not Adopted	Not Applicable
<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 (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			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2018		Adopted	Not Adopted	Not Applicable
PAS 40	Investment Property	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)	✓		
	Amendments to PAS 40: Transfers of Investment Property		✓	
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
<b>Philippine Interpretations</b>				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	<i>Determining Whether an Arrangement Contains a Lease</i>	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓
IFRIC 7	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>			✓
IFRIC 12	Service Concession Arrangements			
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
IFRIC 23	Uncertainty over Income Tax Treatments			✓
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			✓

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>Effective as of March 31, 2018</b>				
<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>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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2018		Adopted	Not Adopted	Not Applicable
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✓
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✓
PIC Q&A 2013-02	Conforming Changes to PIC Q&As - Cycle 2013			✓
PIC Q&A 2013-03 (Revised)	PAS 19 - Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			✓
PIC Q&A 2015-01	Conforming Changes to PIC Q&As - Cycle 2015			✓
PIC Q&A 2016-01	Conforming Changes to PIC Q&As - Cycle 2016			✓
PIC Q&A 2016-02	PAS 32 and PAS 38 - Accounting Treatment of Club Shares Held by an Entity			✓
PIC Q&A 2016-04	Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-Completion Contracts		✓	
PIC Q&A 2017-01	Conforming Changes to PIC Q&As - Cycle 2017			✓
PIC Q&A 2017-02	PAS 2 and PAS 16 - Capitalization of operating lease cost as part of construction costs of a building			✓
PIC Q&A 2017-03	PAS 28 - Elimination of profits and losses resulting from transactions between associates and/or joint ventures			✓
PIC Q&A 2017-04	PAS 24 - Related party relationships between parents, subsidiary, associate and non-controlling shareholder	✓		
PIC Q&A 2017-05	PFRS 7 - Frequently asked questions on the disclosure requirements of financial instruments under PFRS 7, Financial Instruments: Disclosures	✓		
PIC Q&A 2017-06	PAS 2, 16 and 40 - Accounting for Collector's Items			✓
PIC Q&A 2017-07	PFRS 10 - Accounting for reciprocal holdings in associates and joint ventures			✓
PIC Q&A 2017-08	PFRS 10 - Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture			✓
PIC Q&A 2017-09	PAS 17 and Philippine Interpretation SIC-15 - Accounting for payments between and among lessors and lessees			✓
PIC Q&A 2017-10	PAS 40 - Separation of property and classification as investment property			✓
PIC Q&A 2017-11	PFRS 10 and PAS 32 - Transaction costs incurred to acquire outstanding non-controlling interest or to sell non-controlling interest without a loss of control			✓
PIC Q&A 2017-12	Subsequent Treatment of Equity Component Arising from Intercompany Loans			✓
PIC Q&A 2018-01	Voluntary changes in accounting policy		✓	
PIC Q&A 2018-02	Non-controlling interests and goodwill impairment test		✓	
PIC Q&A 2018-03	Fair value of PPE and depreciated replacement cost			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2018		Adopted	Not Adopted	Not Applicable
PIC Q&A 2018-04	Inability to measure fair value reliably for biological assets within the scope of PAS 41			✓
PIC Q&A 2018-05	Maintenance requirement of an asset held under lease			✓
PIC Q&A 2018-06	Cost of investment in subsidiaries in SFS when pooling is applied			✓
PIC Q&A 2018-07	Cost of an associate, joint venture, or subsidiary in separate financial statements		✓	
PIC Q&A 2018-08	Accounting for the acquisition of non-wholly owned subsidiary that is not a business			✓
PIC Q&A 2018-09	Classification of deposits and progress payments as monetary or non-monetary items			✓
PIC Q&A 2018-10	Scope of disclosure of inventory write-down		✓	

**Legend:**

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

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

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

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

<b>Unappropriated Retained Earnings, January 1, 2018</b>	<b>P61,820,594</b>
<b>Adjustments:</b>	
Adjustments in previous years' reconciliation	4,233,117
<b>Unappropriated Retained Earnings, as adjusted, January 1, 2018</b>	<b>57,587,477</b>
<b>Net income for the current year based on the face of AFS</b>	<b>P158,643,384</b>
<b>Less: Non-actual/unrealized income, net of tax:</b>	
Equity in net income of associate/joint venture	-
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	(939)
Fair value adjustment (M2M gains)	-
Fair value adjustment of Investment Property resulting in gain	-
Adjustment due to deviation from PFRS/GAAP - gain	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Deferred income tax benefit for the year	-
Subtotal	(939)
<b>Add: Non-actual losses, net of tax:</b>	
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS/GAAP - loss	-
Loss on fair value adjustment of investment property (after tax)	-
Subtotal	-
<b>Add: Net income actually earned during the year</b>	<b>158,642,445</b>
<b>Less: Others</b>	
Dividend declaration during the period	-
<b>TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, MARCH 31, 2018</b>	<b>P216,229,922</b>

Crown Equities, Inc.  
Schedule M - Key Performance Indicators  
March 31, 2018

Indicator	As of		Formula
	Mar-18	Dec-17	
Current Ratio	3.12	4.09	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Cash Ratio	0.49	1.11	$\frac{\text{Cash and Cash equivalents}}{\text{Current Liabilities}}$
Debt-Equity Ratio	0.14	0.14	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Debt-Asset Ratio	0.12	0.12	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Asset-Equity Ratio	1.14	1.14	$\frac{\text{Total Asset}}{\text{Total Equity}}$
Interest Coverage Ratio	Nil	Nil	$\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense}}$
Net Income Margin	0.0079	0.8494	$\frac{\text{Net Income}}{\text{Net Revenue}}$
Investment Ratio	0.44	0.33	$\frac{\text{Total Investment and Advances}}{\text{Total Asset}}$
Return on Assets	0.0002	0.0630	$\frac{\text{Net Income}}{\text{Average Total Assets}}$
Earnings(Loss) Per Share	-0.000163	0.00889	$\frac{\text{Net Income after Minority Interest}}{\text{Total Shares Subscribed}}$