COVER SHEET

4	3	3	7	0

SEC Registration Number

F & J PRINCE HOLDINGS CORPORATION

(Company's Full Name)

5TH FLOOR CITIBANK CENTER
8741 PASEO DE ROXAS MAKATI

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

Atty. Fina Bernadette D.C. Tantuico

Contact Person

8927133 · 8927137

Company Telephone Numbers

12	31
Month	Day

Fiscal Year

04	12
Month	Day

Annual Meeting

PRELIMINARY INFORMATION STATEMENT

Form Type

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total Number of Stockholders

Domestic

Foreign

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

F & J Prince Holdings Corporation

30 May 2017

SECURITIES AND EXCHANGE COMMISSION
SEC Bldg., Edsa, Greenhills, Mandaluyong City

Attention : MR. VICENTE GRACIANO P. FELIZMENIO, JR.
Director, Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE, INC.
PSE Plaza, Ayala Triangle, Ayala Avenue, Makati City

Attention : MR. JOSE VALERIANO B. ZUÑO, III
OIC-Head, Disclosure Department

Subject : Preliminary Information Statement

Gentlemen:

In accordance with SRC Rule 20, prior to the sending of the Definitive copies to stockholders, we are submitting herewith for your review and approval, drafts of the following:

1) Preliminary Information Statement.
2) Notice of Annual Stockholders' Meeting.
3) Proxy Form.
4) 2016 Management Report.
5) 2016 Audited Financial Statements including 2017 Unaudited First Quarter Report

The Statement of Management's Responsibility for Financial Statement was under oath and manually signed by the Chairman, Chief Executive Officer and Chief Financial Officer in the final 2016 Management/Annual Report. The Report of Independent Public Accountants was likewise manually signed by the certifying partner in the final printed 2016 Management/Annual Report.

We trust you will find the foregoing in order.

Very truly yours,

ROBERT Y. COKENG
President

5/F Citibank Center, 8741 Paseo de Roxas, Makati City 1226
Tel. Nos.: 8927133 • 8927137 • 8929443 • Fax Nos.: 8927127 • 8927150
Email Address: fjphco@gmail.com

My Docs>F&J>2017 Files>SEC Form 20-IS> Preliminary IS>Letter-Preliminary IS-RYC

F & J Prince Holdings Corporation

5th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City

ANNUAL STOCKHOLDERS' MEETING

Monday, July 31, 2017, 2:30 P.M.
Function Room 7, Top of the Citi
34th Floor, Citibank Tower
8741 Paseo de Roxas, Makati City

(PRELIMINARY)
INFORMATION STATEMENT

THE CORPORATION UNDERTAKES TO PROVIDE WITHOUT CHARGE TO THE SHAREHOLDERS, UPON THE WRITTEN REQUEST OF ANY SHAREHOLDER, A COPY OF THE ANNUAL REPORT ON SEC FORM 17-A. HOWEVER, THE MANAGEMENT RESERVES THE RIGHT TO CHARGE REASONABLE FEES FOR PROVIDING COPIES OF THE EXHIBITS ATTACHED TO THE REGISTRANT'S SEC FORM 17-A. SAID WRITTEN REQUEST MAY BE DIRECTED TO:

ATTY. FINA BERNADETTE D.C. TANTUICO
Corporate Secretary
F & J Prince Holdings Corporation
5th Floor, Citibank Center
8741 Paseo de Roxas, Makati City 1226

F & J Prince Holdings Corporation

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To: All Stockholders

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting of *F & J Prince Holdings Corporation* will be held on **July 31, 2017, Monday at 2:30 in the afternoon, at Function Room 7, Top of the Citi, Citibank Tower, 8741 Paseo de Roxas, Makati City**.

The following matters will be taken up during the meeting:

1. **CALL MEETING TO ORDER.** The Chairman will formally open the 2017 Annual Stockholders' Meeting and will call the meeting to order.

2. **PROOF OF NOTICE AND QUORUM.** The Corporate Secretary will certify on the date when written notice of the time, date, place and purpose of the meeting was sent to all registered stockholders of record as of June 2, 2017. The Corporate Secretary will further certify the presence of a quorum. The holders of record for the time being of majority of the stock of the Company then issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum for the transaction of business.

3. **APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON JULY 28, 2016.** Copies of the minutes of the stockholders' meeting held on July 28, 2016 will be distributed to the stockholders before the meeting. Shareholders will vote for the adoption of a resolution approving the Minutes of the July 28, 2016 annual general meeting of the stockholders.

4. **MANAGEMENT REPORTS.** The Chairman will deliver a report to the stockholders on the highlights of the company's performance for the year 2016 and the outlook for the year 2017.

5. **PRESENTATION AND APPROVAL OF AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016.** The stockholders will be given an opportunity to ask questions prior to submitting the Annual Report and the Audited Financial Statements for approval by the stockholders. Copies of the Annual Report and Audited Financial Statements will be distributed before the meeting.

6. **RATIFICATION OF CORPORATION ACTION TAKEN.** Ratification by the stockholders will be sought for all the acts and resolutions of the Board of Directors, Board Committees and management of the Company taken or adopted since the annual stockholders' meeting on July 28, 2016. The acts and resolutions of the Board and its Committees were reflected in the minutes of meetings including approval of contracts and agreements, projects and investments, treasury matters and acts of resolutions covered by the disclosures to the SEC and PSE.

7. **ELECTION OF DIRECTORS.** The list of names for the office of the Board of Directors including the Independent Directors for the year 2017-2018 will be announced, for purposes of their election.

8. **ELECTION OF EXTERNAL AUDITOR FOR THE FISCAL YEAR JANUARY TO DECEMBER, 2017.** Upon the endorsement of the Audit Committee, the stockholders shall elect the external auditor for the year 2017.

9. **OTHER MATTERS.** Shareholders may raise questions or express comments that are relevant to the corporation.

10. **ADJOURMENT.** Upon determination by the Corporate Secretary that there are no other matters to be considered, and on motion by the stockholders, the Chairman shall declare the meeting adjourned.

For purposes of the meeting, only stockholders of record at the close of business on June 2, 2017 shall be entitled to vote thereat.

Stockholders who cannot attend the meeting in person are requested to accomplish the attached proxy and return the same to the office of the Corporation not later than the close of office hours on July 24, 2017. If the stockholder is a corporation, a Secretary's Certificate quoting the board resolution authorizing the corporate officer to execute the proxy should also be submitted.

Validation of proxies will be held on July 25, 2017 at 11:00 a.m. at the 5th Floor, Citibank Center Building, Paseo de Roxas, Makati City.

Makati City, May 30, 2017.

By Resolution of the Board of Directors:

(ATTY.) FINA BERNADETTE D.C. TANTUICO
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20- IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

 ✓ **Preliminary Information Statement**

 ___ Definitive Information Statement

F & J Prince Holdings Corporation

2. Name of Registrant as specified in its charter

Philippines

3. Province, country or other jurisdiction of incorporation or organization

43370 | **000-829-097**

4. SEC Identification Number | 5. BIR Tax Identification Number

5th Floor, Citibank Center
8741 Paseo de Roxas, Makati City | **1226**

6. Address of principal office | Postal Code

(632) 8927133 or 8927137

7. Registrant's telephone number, including area code

July 31, 2017, 2:30 p.m.
Function Room 7, Top of the Citi
34th Floor, Citibank Tower
8741 Paseo de Roxas, Makati City

8. Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders.
July 10, 2017

10. In case of Proxy Solicitations:

F & J Prince Holdings Corporation

Name of Person Filing the Statement/Solicitor:

5th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City
8927133 or 8927137

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding *(As of May 26, 2017)*
Class “A”	**292,610,118**
Class “B”	**189,217,535**

12. Are any or all of registrant's securities listed on the Stock Exchange?

Yes _✓_ No ____

If yes, disclose the name of such Stock Exchange and the class of securities listed therein

Philippine Stock Exchange, Class “A” and “B”

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

ITEM 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

Date	**:**	**July 31, 2017, Monday**
Time	**:**	**2:30 p.m.**
Place	**:**	**Function Room 7, Top of the Citi** **34th Floor, Citibank Tower** **8741 Paseo de Roxas, Makati City**
Complete mailing address of principal office	**:**	**5th Floor, Citibank Center** **8741 Paseo de Roxas, Makati City 1226**

The Information Statement and the proxy forms and other solicitation materials will be sent to the shareholders on or before **Monday, July 10, 2017**.

ITEM 2. DISSENTERS' RIGHT OF APPRAISAL

The appraisal right is available in the following instances stated in the Corporation Code, to wit:

(1) any amendment to the Articles of Incorporation which has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Sec. 81);

(2) any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Sec. 81);

(3) any merger or consolidation of the Corporation with or into another entity (Sec. 81); and

(4) any investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the Corporation was organized (Sec. 42).

However, the present meeting is being called in order to approve the following matters, namely:

(1) Approval of the Minutes of the 2016 Annual Stockholders' Meeting;
(2) Approval of the Audited Financial Statements as of December 31, 2016;
(3) Ratification of corporate acts of the Board of Directors;
(4) Election of members of the Board of Directors; and
(5) Appointment of the external auditor of the Corporation for the fiscal year 2017.

Therefore, the matters to be taken up during the meeting do not call for the availability and the exercise of the shareholder's appraisal right.

ITEM 3. <u>INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON</u>

None of the directors and executive officers of the Corporation, nor any associate of said persons, have any substantial interest, direct or indirect, in any matter to be acted upon at the meeting, other than elections to office.

None of the directors of the Corporation has informed the Corporation, whether in writing or otherwise, of any intention to oppose any matter to be taken up at the forthcoming stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. <u>VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF</u>

The securities of the Registrant are divided into two (2) classes: Class A which is issued solely to Filipino citizens and Class B which may be issued to Filipino citizens or to aliens alike. As of **May 26, 2017,** One Hundred Forty Million One Hundred Fifty Six Thousand Seven Hundred Fifty Nine **(140,169,859)** shares are foreign owned.

The following number of shares is outstanding and entitled to vote as of **May 26, 2017**:

Class	No. of Shares Outstanding	No. of Votes to which entitled
Class "A"	292,610,118	292,610,118
Class "B"	189,217,535	189,217,535
Total	**481,827,653**	**481,827,653**

The record date for shareholders who shall be entitled to vote has been fixed at **June 2, 2017**. All shareholders entitled to vote may vote such number of shares of stock standing in his name on the stock and transfer book of the Corporation as of **June 2, 2017**. Said shareholders may vote such shares for as many persons as there are directors to be elected or he may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: *provided* that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the total number of directors to be elected.

(1) Security Ownership of Certain Record and Beneficial Owners

As of **May 26, 2017**, the record or beneficial owners of Five Percent (5%) or more of the outstanding capital stock of the Corporation are as follows:

TITLE OF CLASS	NAME, ADDRESS OF RECORD OWNER AND RELATIONSHIP WITH ISSUER	NAME OF BENEFICIAL OWNER AND RELATIONSHIP WITH RECORD OWNER	CITIZENSHIP	NO. OF SHARES HELD	PERCENTAGE
Common B	Essential Holdings Limited 11/F, Belgian House 77-79 Gloucester Road, Hong Kong *Stockholder*	Same as Record Owner Robert Y. Cokeng Managing Director	Foreign	139,778,670 Record & Beneficial	29.01%
Common A	PCD Nominee Corporation 37th Floor Tower I, The Enterprise, 6766 Ayala Avenue Makati City *Stockholder*	None of the beneficial owners own Five (5%) Percent or more of the outstanding capital stock of the Corporation	Filipino	74,741,590	15.51%

Common A & B	Pinamucan Industrial Estates, Inc. 5th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City *A Subsidiary of the Subsidiary of Issuer*	Same as Record Owner Johnson U. Co President	Filipino	49,809,105 Record & Beneficial	10.34%
Common A	Magellan Capital Holdings Corporation 5th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City *94% Subsidiary of Issuer*	Same as Record Owner Robert Y. Cokeng President	Filipino	47,844,022 Record & Beneficial	9.93%
Common A	Consolidated Tobacco Industries of the Philippines, Inc. CTIP Compound, Ortigas Avenue Extension, Rosario, Pasig City *Stockholder*	Same as Record Owner Robert Y. Cokeng President	Filipino	43,052,023 Record & Beneficial	8.93%
Common A	Vructi Holdings Corporation 52 Narra Avenue, Forbes Park, Makati City *Stockholder*	Same as Record Owner Rufino B. Tiangco President	Filipino	34,633,628 Record & Beneficial	7.19%

Mr. Robert Y. Cokeng is the controlling stockholder of Essential Holdings Limited ("EHL"). He is also the President of the Registrant. Mr. Robert Y. Cokeng has the power to vote the shares of EHL in the upcoming Stockholders' Meeting.

Mr. Robert Y. Cokeng is the Chairman of Pinamucan Industrial Estates, Inc. ("PIEI"). He has voting power over the shares of stock of PIEI. He is also President of the Registrant.

Mr. Robert Y. Cokeng has voting power over the shares of stock of Magellan Capital Holdings Corporation ("MCHC") in the Registrant.

Consolidated Tobacco Industries of the Philippines, Inc. ("CTIPI") is principally owned and controlled by the Cokeng and Co families**.** Mr. Robert Y. Cokeng has voting power over the shares of stock of CTIPI.

Vructi Holdings Corporation is controlled by Mr. Rufino B. Tiangco, a director of the Registrant. He has the voting power over the shares of Vructi Holdings Corporation.

(2) Security Ownership of Management

As of **May 26, 2017**, the Directors, Executive Officers and Nominees of the Corporation are the beneficial owners of the following number of shares:

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP		CITIZENSHIP	PERCENT OF OWNERSHIP
Common A	Robert Y. Cokeng	13,693,072 2,020,000	Direct Indirect	Filipino	3.26%
Common A	Francisco Y. Cokeng, Jr.	2,160,000	Direct	Filipino	0.45%
Common A	Johnson U. Co	1,100,000	Direct	Filipino	0.23%
Common A	Emeterio L. Barcelon, SJ	304,952	Direct	Filipino	0.06%
Common A	Mark Ryan K. Cokeng	10,000	Indirect	Filipino	0.002%
Common A	Johnson Tan Gui Yee	15,371,747	Direct	Filipino	3.19%
Common A	Mary K. Cokeng	1,000	Indirect	Filipino	0.0002%
Common A	Johnny O. Cobankiat	7,227,076	Indirect	Filipino	1.50%
Common A & B	Rufino B. Tiangco	128,000	Direct	Filipino	0.03%
Common A & B	Robert Y. Ynson	325,667	Direct	Filipino	0.07%
Common A	Francis L. Chua	100,000	Direct	Filipino	0.02%
Common A & B	Josephine V. Barcelon	1,204,952	Indirect	Filipino	0.25%
Total		**43,646,466**			**9.06%**

(3) Voting Trust Holders of 5% or More of the Outstanding Shares

No shareholder holding more than Five Percent (5%) of the outstanding capital stock of the Corporation holds such shares under a voting trust or similar agreement.

(4) Changes in Control

There has been no change in the voting control of the Registrant nor has there been any arrangement with any party which may result in a change of control since the last fiscal year.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

(1) Directors and Nominees

The following are the incumbent Directors and Executive Officers of the Registrant as well as nominee for Director, and their respective ages, citizenship, business experiences for the last five (5) years, positions and periods of service:

ROBERT Y. COKENG, 65 years old, Filipino citizen.
Chairman, President & Chief Executive Officer

Re-elected on 28 July 2016 for a one-year term. Director and Officer since 1996.

President & Chief Executive Officer, Magellan Capital Holdings Corporation, Magellan Utilities Development Corporation, Pinamucan Power Corporation, Malabrigo Corporation, Consolidated Tobacco Industries of the Philippines, Inc. and Center Industrial and Investment, Inc.; *Independent Director*, Cosco Capital, Inc. (PSE listed company); Chairman, Pinamucan Industrial Estates, Inc.; *Managing Director*, Essential Holdings Ltd.; *Chairman*, Pointwest Technologies Corporation and Pointwest Innovations Corporation*; Director and Chairman of the Executive Committee*, Business Process Outsourcing International, Inc.; *Chairman*, Ipads Developers, Inc.

FRANCISCO Y. COKENG, JR., 63 years old, Filipino citizen.
Vice-Chairman and Director

Re-elected on 28 July 2016 to a one-year term. Director since 1996.
Also director from 1980-1991.

Director, Consolidated Tobacco Industries of the Philippines, Inc., Magellan Capital Holdings Corporation; *Chairman*, Sunflare Horizon International, Inc.

EMETERIO L. BARCELON, S.J., 89 years old, Filipino citizen.
Senior Vice-President and Director

Re-elected on 28 July 2016 for a one-year term. Director since 1980.

Former Director, Oriental Petroleum and Minerals Corporation; *Former President,* Ateneo de Davao; *Vice-President*, Xavier University; *Former Professor*, Asian Institute of Management; *Columnist*, Manila Bulletin; *Director*, Magellan Capital Holdings Corporation.

JOHNSON U. CO, 64 years old, Filipino citizen.
Vice-President for Administration

Re-elected on 28 July 2016 for a one-year term. Director since 1996.

President, Pinamucan Industrial Estates, Inc., Sunflare Horizon International, Inc.; *Vice-President for Administration and Director*, Magellan Capital Holdings Corporation; *Treasurer*, Magellan Utilities Development Corporation and Malabrigo Corporation; *Director*, Pinamucan Power Corporation; *Vice Chairman*, Consolidated Tobacco Industries of the Philippines, Inc.

MARK RYAN K. COKENG, 31 years old, Filipino citizen.
Treasurer and Director

Re-elected on 28 July 2016 to a one-year term. Director and Treasurer since 2013.

Treasurer and Director, Magellan Capital Holdings Corporation; *Director and Treasurer*, Magellan Capital Corporation; *Director*, IPADS Developers, Inc.; *Director*, Pointwest Technologies Corporation, *Director*, Pointwest Innovations Corporation, *Director and Treasurer,* Business Process Outsourcing International, Inc. Bachelor of Arts in Economics and Statistics, Boston University.

MARY K. COKENG, 64 years old, Filipino citizen.
Director

Re-elected on 28 July 2016 to a one-year term. Director since 2008.

Director, Essential Holdings, Limited, *Director*, Magellan Capital Holdings Corporation.

JOHNNY O. COBANKIAT, 65 years old, Filipino citizen.
Director

Re-elected on 28 July 2016 to a one-year term. Director since 2008.

President, Ace Hardware Phils., Cobankiat Hardware, Inc. and Milwaukee Builders Center, Inc.; *Executive Vice President*, Hardware Workshop; *Vice Chairman*, R. Nubla Securities; *Director*, Shang Properties, Inc. (PSE-listed Company).

FRANCIS LEE CHUA, 65 years old, Filipino citizen.
Director

Re-elected 28 July on 2016 for a one-year term. Director since 2001.

General Manager, Sunny Multi Products and Land Management Inc., Midori Carpet; *Corporate Secretary*, Sunflare Horizon International, Inc.

JOHNSON TAN GUI YEE, 70 years old, Filipino citizen.
Director

Re-elected on 28 July 2016 to a one-year term. Director since 1997.

Chairman, Armak Tape Corporation; *President & Chief Executive Officer*, Armak Holdings and Development, Inc.; *President*, Yarnton Traders Corporation; *Director*, Magellan Capital Holdings Corporation.

RUFINO B. TIANGCO, 67 years old, Filipino citizen.
Director

Re-elected on 28 July 2016 to a one-year term. Director since 1997.

Chairman of the Board, R.A.V. Fishing Corporation, Marala Vitas Central Terminal & Shipyard Corp.; *President*, Vructi Holdings Corporation; Trufsons Holdings Corporation, Ruvict Holdings Corporation; *Director*, Magellan Capital Holdings Corporation and Magellan Utilities Development Corporation.

ROBERT Y. YNSON, 69 years old, Filipino citizen.
Director

Re-elected on 28 July 2016 to a one-year term. Director since 1997.

President, Phesco, Incorporated, *Director,* Super Industrial Corporation.

JOSEPHINE V. BARCELON, 58 years old, Filipino citizen.
Nominee

President/Nominee, J. M. Barcelon & Co., Inc., Stockbrokers/Dealer in Securities, Certified Securities Representative (Salesman) licensed by SEC; *President*, Ona Real Estate Corporation, Jaybee Real Estate Corporation, Joam Investment Corporation; *Director*, Oriental Petroleum & Minerals Corporation and Magellan Capital Holdings Corporation.

FINA BERNADETTE D.C. TANTUICO, 55 years old, Filipino citizen.
Corporate Secretary

Re-elected on 28 July 2016 to a one-year term.

Legal Counsel and Corporate Secretary, F & Prince Holdings Corporation and its subsidiaries and affiliates (2002 up to the present); Magellan Capital Holdings Corporation and its subsidiaries, Magellan Utilities Development Corporation, Pointwest Technologies Corporation, Pointwest Innovations Corporation, Pinamucan Industrial Estates Inc; *Corporate Secretary*, Philippine Telegraph & Telephone Co. (PT&T), Capitol Wireless Inc. (Capwire), Philippine Wireless Inc. (Pocketbell), Republic Telecommunications Company (Retelcom), U.P. Law Alumni Foundation Inc. (UPLAF), *Former Assistant Vice-President and Corporate Secretary,* United Overseas Bank Philippines (2000-2001). Currently *President* of the Philippine Bar Association.

Term of Office. The directors of the Registrant were elected during the annual stockholders' meeting held on 28 July 2016. The directors have a one (1) year term of office.

Executive Officers. The Executive Officers of the Registrant, and their respective ages, citizenship, positions are as follows:

NAME	AGE	CITIZENSHIP	POSITION	PERIOD DURING WHICH THE INDIVIDUAL HAS SERVED AS SUCH
Robert Y. Cokeng	65	Filipino	President and Vice Chairman; Chairman and President	since1996 - 2007 to present
Francisco Y. Cokeng, Jr.	63	Filipino	Vice Chairman	2007 to present
Emeterio L. Barcelon, SJ	89	Filipino	Senior Vice President	1980 to present
Johnson U. Co	64	Filipino	Vice-President for Administration	2013 to present
Mark Ryan K. Cokeng	31	Filipino	Treasurer and Chief Financial Officer	2013 to present
Fina C. Tantuico	55	Filipino	Corporate Secretary	2009 to present

Independent Directors

The incumbent independent directors of the Registrant are as follows:

Robert Y. Ynson
Francis L. Chua

The nominees for Independent Directors are as follows:

Josephine V. Barcelon - as recommended by Brixton Investments Corporation
Johnny O. Cobankiat - as recommended by Arsenio C. Tang

Mr. Johnny O. Cobankiat has no relationship with Mr. Arsenio C. Tang, a shareholder of the Registrant with 30,000 common shares and with equivalent percentage of 0.006%. Ms. Josephine V. Barcelon is a director of Brixton Investments Corporation, which owns 0.58% of total common shares.

Robert Y. Ynson and Francis L. Chua are the incumbent Independent Directors of the company. Since they have met their term limits, they will not be nominated for Independent Directors but will be nominated for regular directors. The Nomination Committee has determined that the nominees for Independent Director, namely, Josephine V. Barcelon and Johnny O. Cobankiat meet the qualifications for independent director.

During the Annual Stockholders' Meeting held on 12 July 2006, the stockholders, constituting more than 2/3 of the issuer's outstanding capital stock, approved the proposed amendment to the By-Laws adopting the requirements of SRC Rule 38 on the nomination and election of Independent Directors. The aforesaid amendment to the company's By-Laws adopting the requirements of SRC Rule 38 was approved by the SEC on February 2008.

Pursuant to SRC Rule 38 as amended, the Company's Nominations Committee promulgated the following guidelines to govern the conduct of the nomination for independent directors:

1. The Committee shall ascertain that all candidates for nominees meet the qualifications of an independent director pursuant to the Code of Corporate Governance and applicable issuances from the SEC.

2. Each of the Committee members shall choose possible nominees from candidates nominated by shareholders. The nominees must meet the following minimum qualifications:

   (i) He shall have at least one (1) share of stock of the corporation;
   (ii) He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;
   (iii) He shall possess integrity/probity; and
   (iv) He shall be assiduous.

The members of the Nomination Committee of the Registrant are the following:

Robert Y. Cokeng	-	Chairman
Johnson U. Co		
Rufino B. Tiangco		
Johnson Tan Gui Yee		
Robert Y. Ynson	-	Independent Director

Nomination for Directorship. The nominees for Directors are ten (10) of the eleven (11) incumbent directors namely Robert Y. Cokeng, Francisco Y. Cokeng, Jr., Johnson U. Co, Mark Ryan K. Cokeng, Johnny O. Cobankiat, Mary K. Cokeng, Francis L. Chua, Johnson Tan Gui Yee, Rufino B. Tiangco and Robert Y. Ynson plus an additional nominee, Josephine V. Barcelon. The Nomination committee has determined that they meet the qualifications for directors as outlined above. The business background of the eleven (11) incumbent directors as well as the nominee Josephine V. Barcelon have been shown above. Emeterio L. Barcelon, SJ will not be running for re-election.

(2) Significant Employees

There are no other persons other than the Registrant's executive officers who are expected to make a significant contribution to its business.

(3) Family Relationships

Messrs. Robert Y. Cokeng and Francisco Y. Cokeng, Jr. are brothers. They are first cousins of Mr. Johnson U. Co. Mrs. Mary K. Cokeng is the spouse of Robert Y. Cokeng. Mr. Mark Ryan K. Cokeng is the son of Robert and Mary Cokeng. Other than the ones disclosed, there no other family relationships known to the Registrant.

(4) Certain Relationship and Related Transaction

There is no transaction or proposed transaction during the last two (2) years to which the Registrant was or is to be a party in relation to any director, any nominee for election as director, any security holder of certain record beneficial owner or management or any member of the immediate families of such directors. The Registrant's subsidiary, Magellan Capital Holdings Corporation (MCHC), and certain of MCHC's subsidiaries and affiliates as well as Registrant's affiliate, Business Process Outsourcing International (BPOI), have transactions with each other such as rental contracts and intercompany loans. These transactions are on arms-length basis and, in the case of partially owned affiliates, are subject to approval of unrelated shareholders of these affiliates. A summary of receivables and transactions with related parties is found on page 40 of Audited Financial Statements in the 2016 Management Report. In the case of rental contracts, the rental rates charged are similar to those charged to outside parties leasing similar properties.

No director has resigned or declined to stand for re-election to the Board of Directors since July 28, 2016, the date of the last annual stockholders' meeting, because of a disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

As of December 31, 2016, MCHC and its subsidiary, Pinamucan Industrial Estates, Inc. (PIEI) have receivables from Magellan Utilities Development Corporation (MUDC), a minority owned affiliate of MCHC. As of December 31, 2016, the Registrant also had dividend receivables from its outsourcing affiliate, PTC and BPOI. Receivables from MUDC are fully provided for in the Audited Financial Statements.

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(1) GENERAL

None of the directors and executive officers of the Registrant are paid any compensation as such. Among its officers, only Messrs. Fina Bernadette D.C. Tantuico, Robert Y. Cokeng, Johnson U. Co, Manuel N. Dy and Mark Ryan K. Cokeng are paid professional fees and compensation by the Registrant or its affiliates, MCHC and PIEI, respectively. Directors are not paid any compensation by the Registrant other than a *per diem* of Five Thousand Pesos (₱5,000.00) per attendance of Board Meeting. Apart from the CEO, there are only three (3) highly compensated executive officers. The next tier is composed of regular staff members.

(2) SUMMARY COMPENSATION TABLE

Summary Compensation Table
Annual Compensation

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Robert Y. Cokeng, President	2017	-	-	
Johnson U. Co, Vice-President-Administration	2017	-	-	
Mark Ryan K. Cokeng, Treasurer	2017	-	-	₱9,400,000.00[1>]
Fina Bernadette D.C. Tantuico, Corporate Sec.	2017	-	-	
All Other Officers & Directors	2017	₱388,000.00	-	

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Robert Y. Cokeng, President	2016	-	-	
Johnson U. Co, Vice-President-Administration	2016	-	-	₱9,400,000.00
Mark Ryan K. Cokeng, Treasurer	2016	-	-	
Fina Bernadette D.C. Tantuico, Corporate Sec	2016	-	-	
All Other Officers & Directors	2016	₱388,000.00		

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Robert Y. Cokeng, President	2015	-	-	
Johnson U. Co, Vice-President-Administration	2015	-	-	
Mark Ryan K. Cokeng, Treasurer	2015	-	-	₱9,157,730.00
Fina Bernadette D.C. Tantuico, Corporate Sec	2015	-	-	
All Other Officers & Directors	2015	₱362,200.00		

* The amount given represents the professional fees and compensation paid by the affiliates of Registrant.
*** Other directors and executive officers of the Registrant are not paid any compensation as such.

[1>] Estimated compensation for the year 2017.
[*] On 12 February 2002, the SEC approved the Amendment to the Registrant's By-Laws, specifically Article III, Section 6 on Compensation of Directors. The cap of Pesos (₱500.00) has been removed. Each director may now receive a reasonable per diem, as may be fixed by the Board of Directors, for attendance at board meetings.

3) COMPENSATION OF DIRECTORS

Directors receive a *per diem* of ₱5000 *per* attendance at Board Meetings and no other compensation as such.[✧]

(4) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no employment contracts nor any compensatory plan or arrangements with the Executive Officers of the Registrant.

(5) Warrants and Options Outstanding: Re-pricing

There are no existing warrants outstanding. One detachable Subscription Warrant was issued for each share subscribed under the share offering in 2002. Warrants for 723,727 "A" shares and 71,198 "B" shares were exercised. All the remaining warrants that were not exercised have expired as of May 2008. There are no options or warrants currently outstanding.

ITEM 7. LEGAL PROCEEDINGS

For the past six (6) years up to the present, there are no proceedings involving, and to the best of knowledge threatened against the Registrant. As of **May 26, 2017**, none of the current directors, or nominees for election as director, executive officer, underwriter or control person of the Registrant has been involved in or in the subject of any bankruptcy petition, conviction by final judgment, or is the subject of any order judgment or decree, or involved in any violation of a securities of commodities law.

However, with respect to its subsidiaries, following is a summary of pending litigation involving them:

(a) ***"Rolando M. Zosa v. Magellan Capital Holdings Corporation and Magellan Capital Management Corporation"***, Civil Case No. CEB-18619, Regional Trial Court of Cebu City, Branch 58; *Magellan Capital Management Corporation and Magellan Capital Holdings Corporation v. Rolando M. Zosa, et al."* G.R. No. 129916, Supreme Court; *Ad Hoc Arbitration with an Arbitral Tribunal composed of Justice Florentino P. Feliciano, as Chairman and Attys. Ramon R. Torralba and Enrique I. Quiason as members; Regional Trial Court, Branch 139, SP Proc. No. M-6259 and SP Proc. No. 6264.*

[✧] Pursuant to the Amended By-Laws, the Securities and Exchange Commission approved the Amendment of By-Laws Registrant's Board of Directors, During a regular meeting held on 28 February 2002 approved and adopted a resolution fixing the per diem at ₱5000 per attendance at Board Meetings.

This is a case for damages instituted in May 1996, wherein complainant Zosa seeks to enforce his purported rights under his Employment Agreement with defendants and claims entitlement to the following reliefs, to wit:

(1) actual damages in the amount of ₱10,000,000;
(2) attorney's fees in the amount of ₱300,000; and
(3) expenses of litigation in the amount of ₱150,000.

Defendants sought a dismissal of the case, invoking the provision of arbitration in the Employment Contract. In a Decision dated 18 July 1997, the trial court declared invalid the arbitration clause providing for the manner by which the arbitrators will be chosen and substituted the provisions of the Arbitration Law therefore. The Supreme Court, on 26 March 2001 affirmed the trial court's decision which became final and executory. Arbitrators were appointed one by Zosa, on the one hand, and the other jointly appointed by MCHC and MCMC and a third jointly chosen by the two arbitrators.

Sometime in November 2004, the Arbitral Tribunal was finally constituted composed of Justice Florentino P. Feliciano as Chairman and Attys. Ramon R. Torralba and Enrique I. Quiason as members.

On 14 March 2005, the parties submitted to the Tribunal their Confirmation of Agreement to Submit to Arbitration. The Complainant has submitted its Statement of Claims & Memorials. The respondents have submitted their Statement of Defenses and are scheduled to submit their Counter-Memorials on 02 May 2004.

On 02 August 2005, the Memoranda of the parties were submitted and the case was submitted for resolution.

On 06 March 2005, the Tribunal rendered its decision awarding Zosa's claim for severance pay but disallowed his claims for attorney's fees and moral and exemplary damages and costs of suit.

On 12 April 2006, MCHC filed with the Regional Trial Court of Makati City, a verified petition with prayer for the issuance of an Order to Vacate the Arbitral Award, dated 6 March 2006, pursuant to Sections 22 to 29 of Republic Act No. 876 ("The Arbitration Law") and the relevant provisions of Republic Act No. 9825 (the "Alternative Dispute Resolution Act of 2004). Likewise, Zosa filed his Application for Confirmation of Award on 12 April 2006. The two cases were consolidated and are presently pending with Branch 139 of the Regional Trial Court of Makati as Sp. Proc. No. M-6259 and M-6264. The parties are presently awaiting the Court's resolution on the issue of whether the Application for Confirmation of Award was seasonably filed considering the non-payment of docket fees at the time of filing. On 17 March 2009, a hearing was held whereby the Court directed all the parties to submit their respective Memoranda. In compliance with the aforesaid order, MCHC submitted its Memoranda on 17 May 2009. The case was submitted for resolution on 29 January 2013.

On 29 June 2015, the Court rendered its decision confirming the arbitral award directing MCHC solidarily with MCMC to pay Zosa's severance compensation in the amount of ₱14,669,691.43. MCHC filed its Motion for Reconsideration on 23 July 2015 which was denied in an Order dated 7 January 2016. On 9 February 2016, MCHC filed with the Court of Appeals its Petition for Review of the Decision of the Regional Trial Court. The case is now pending with the Court of Appeals.

(b) ***"People of the Philippines vs. Ariel Balatbat",*** Criminal Case No. 115515, Regional Trial Court of Pasig City, Branch 155. MCHC filed a complaint, through its authorized officer, against Ariel Balatbat for qualified theft relating to several unauthorized withdrawals of, and anomalous transactions involving, company funds in the total amount ₱41,021.50 (converted to US$1,000.00). On 29 October 2004, the Court rendered its decision finding the accused guilty beyond reasonable doubt of the crime of qualified theft under Article 310 of the Revised Penal Code and imposed the corresponding penalty of imprisonment of 10 years minimum to a maximum of 14 years. The case is pending appeal as of this writing.

"People of the Philippines vs. Ariel Balatbat", Criminal Case No. 114955, Regional Trial Court of Pasig City, Branch 151. MUDC, through its authorized officer, has also filed a complaint against Ariel Balatbat for qualified theft relating to several unauthorized withdrawals of, and anomalous transactions involving, company funds in the total amount of ₱121,500.00 (equivalent to US$3,000.00), US$4,000.00, and US$1,020.00. Said amounts were never recovered or accounted for. The case is currently pending before the Regional Trial Court, which also issued a warrant of arrest for the same. The bail was set for ₱40,000.00. The accused was arrested and subsequently arraigned. Three (3) witnesses have been presented - two (2) from the bank and one (1) from MUDC.

On 28 February 2005, the Prosecution filed its "Formal Offer of Evidence". Defense rested its case on 4 December 2006. On 22 January 2007, the Prosecution presented its rebuttal evidence. The Memorandum for the Prosecution having been filed, the case was submitted for decision. As of this writing or on April 29, 2013 the Court rendered its decision finding the accused guilty of the crime of qualified theft and sentenced the accused to *reclusion perpetua*. It also ordered the restitution to MUDC of the amount of $4,000.00 or its peso equivalent ₱105,720.00 Pesos. The Court found no liability for the amount of $3,000.00 withdrawn it appearing that same was credited to private complainant. On appeal, the Court of Appeals, in a Decision dated 28 February 2017, reversed and set aside the Decision of the Regional Trial Court, dated 15 February 2013. As of this writing, MCHC, for humanitarian reasons, and the fact that the accused had already spent some time in incarceration, decided not to appeal the aforesaid Decision of the Court of Appeals.

c) **Magellan Capital Holdings Corporation vs. Spouses Mario and Preciosa Roño, Civil Case No. 066, Regional Trial Court, Taguig City, Branch 153.** This is a case, filed in 2016, for Injunction, with application for TRO and Writ of Injunction, against Spouses Mario and Preciosa Roño, the Taguig Register of Deeds, the Securities and Exchange Commission, Bureau of Internal Revenue, Taguig District to prevent the use of falsified documents including a fake Deed of Sale, fake General Information Sheet (GIS) and fake certificate of title, to transfer MCHC's property in Fort Bonifacio in favor of the Spouses Roño. This is in relation to the ongoing attempt by certain individuals to cause the transfer of title over MCHC's 985 square meter lot at Bonifacio Global City ("BGC") in their favor using falsified and spurious documents. The Regional Trial Court granted the preliminary injunction on 24 August 2016. The case is pending resolution on the grant of a permanent injunction.

d) **Magellan Capital Holdings Corporation represented by Mr. Robert Y. Cokeng vs. Spouses Mario and Preciosa Roño et al, XV-16-INQ-16F-00541, Office of the City Prosecutor of Taguig; People of the Philippines vs. Marion S. Roño, Criminal Case No. 17-28768, Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño, Criminal Case No. 17-28769, Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño and Preciosa Roño, Criminal Case No. 17-28771, Metropolitan Trial Court of Taguig City, Branch 115;People of the Philippines vs. Mario Roño and Preciosa Roño, Criminal Case no. 17-28770, Metropolitan Trial Court of Taguig City, Branch 116.** These criminal cases for Falsification under Article 171 in relation to Article 172 of the Revised Penal Code, were filed against the named individuals in connection with Civil Case No. 066. The Prosecutor in XV-16-INQ-16F-00541, found probable cause against the respondents and the corresponding Information was filed with the Metropolitan Trial Court. A Warrant of Arrest against the respondents was issued on 10 February 2017 and Arraignment was held last 23 March 2017. As of this writing, the case is pending resolution of the Omnibus Motion for Reconsideration filed by the accused.

e) **Magellan Capital Holdings Corporation, represented by Mr. Robert Y. Cokeng vs. Spouses Mario and Preciosa Roño, Pedro S. Villaflor, John Doe and Jane Doe, IS No. XV-13-INV-16-J-02050, Office of the City Prosecutor of Pasay City, Department of Justice.** In relation to the aforementioned cases, this case was filed against the respondents for violation of Article 172 in relation Article 171 of the revised Penal Code (Use of Falsified documents). The falsified documents were used to open an account in Maybank, Villamor Base branch, Pasay City.

f) **Magellan Capital Holdings Corporation vs. Spouses Mario and Preciosa Roño, IS No. XV-03-INV-16J-10508, Office of the City Prosecutor of Quezon City, Department of Justice.** In relation to the aforementioned cases, this case was filed against the respondents for violation of Article 172 in relation to Article 171 (2) of the Revised Penal Code. The falsified documents appear as having been executed and notarized in Quezon City.

g) **Robert Y. Cokeng (for and in behalf of Magellan Capital Holdings Corporation) vs. Maybank Philippines, Inc. Dato Dr. Tan Tat Wai, Herminio M. Famatigan Jr., Jonathan P. Ong, Jose A. Morales III and Milandro C. Urbano, OSI-AC-No. 2016-032, Bangko Sentral ng Pilipinas, Office of the Special Investigation**; **Robert Y. Cokeng (for and in behalf of Magellan Capital Holdings Corporation) v. Metropolitan Bank and Trust Company, Fabian S. Dee, Alfredo V. Ty, Arthur Ty, Francis Cua, Trixia C. Tan, Joyce P. Pareno and Grance C. Buenavista, OSI-AC_No. 2016-029, Bangko Sentral ng Pilipinas, Office of Special Investigation.** These cases were filed with the Bangko Sentral ng Pilipinas against two banks, Maybank and Metro Bank in connection with their participation in the aforementioned cases.

ITEM 8. INDEPENDENT PUBLIC ACCOUNTANTS

Management intends to recommend the re-appointment of Sycip Gorres Velayo & Co. as the external auditor of the Corporation. Said accounting firm was first engaged by the Corporation as its external auditor in 1997 and re-appointed through 1998 to 2005 during the stockholders' meeting of said years. There has been no changes in and disagreements with SGV on its accounting and financial disclosure since their appointment in 1997. Prior to 1997, the external auditor of the Corporation was Velandria Dimagiba & Co. The change in the external auditor was not due to any disagreement between the Corporation and the former auditor on accounting and financial disclosures, or their resignation or dismissal.

In compliance with SRC Rule 68 as amended, Part 3(b)(iv)(ix), requiring that the signing partner of the auditing firm of the regulated entity shall be rotated every five years of engagement, and that a two-year cooling off period shall be observed in the re-engagement of the same signing partner or individual auditor, the following were the SGV partners assigned to handle the Issuer for the past six years and the partner expected to be assigned for 2016:

2011 – John Nai Peng Ong
2012 – Leovina Mae V. Chu
2013 – Leovina Mae V. Chu
2014 – Jhoanna Feliza C. Go
2015 – Jhoanna Feliza C. Go
2016 – Jhoanna Feliza C. Go
2017 – Jhoanna Feliza C. Go (Expected Partner In-Charge)

The representatives of the Independent Auditors will be present at the Annual Stockholders' Meeting to answer any questions raised to or to make appropriate statements.

The members of the Registrant's Audit Committee are the following:

Francis L. Chua	-	Committee Chairman and Independent Director
Robert Y. Cokeng		
Johnson U. Co		
Johnson Tan Gui Yee		
Rufino B.Tiangco		

ITEM 9. <u>COMPENSATION PLANS</u>

There is no action to be taken with respect to any plan pursuant to cash or non-cash compensation to be paid or distributed.

The members of the Registrant's Compensation Committee are the following:

Robert Y. Cokeng	-	Chairman
Johnson U. Co		
Francis L. Chua	-	Independent Director
Johnson Tan Gui Yee		
Rufino B. Tiangco		

C. OTHER MATTERS

ITEM 10. ACTION WITH RESPECT TO REPORTS

Action will be required for the approval of the following matters:

(1) Minutes of the Annual Stockholders' Meeting held on July 28, 2016 – briefly, directors for the year 2016 were nominated and elected, and the following matters were approved:

  (a) minutes of the 2015 Annual Stockholders' Meeting were approved;
  (b) 2015 Audited Financial Statements were likewise approved;
  (c) ratification of corporate actions taken in 2015;
  (d) re-appointment of SGV & Co. as external auditor;

(2) Audited Financial Statements as of December 31, 2016; and
(3) Ratification of corporate actions taken by the Board of Directors for the year 2016.

Actions taken on the above minutes and reports will constitute approval or disapproval of any of the matters referred to in such minutes and reports.

ITEM 11. MATTERS NOT REQUIRED TO BE SUBMITTED

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

ITEM 12. AMENDMENT OF CHARTER, BY-LAWS OR OTHER DOCUMENTS

No action is required for any amendment of the corporation's charter or By-laws.

ITEM 13. OTHER PROPOSED ACTION

No other action is to be taken with respect to any matter not specifically referred to above.

ITEM 14. DISAGREEMENTS

No director of the Registrant has informed the Registrant that he opposes any action intended to be taken or taken by the Registrant.

ITEM 15. VOTING PROCEDURES

Provided there is present, in person or by proxy, the owners of a majority of the outstanding capital stock of the Corporation:

(1) matters presented for approval by the shareholders, other than election of directors, will be considered approved upon the affirmative vote of a majority of the shareholders present at the meeting, and

(2) candidates for the positions of Directors of the Corporation receiving the highest number of votes shall be declared elected.

Each shareholder may vote in person or by proxy the number of shares of stock standing in his name on the books of the Corporation. Each share represents one vote. In accordance with the By-laws of the Corporation, the election of directors and/or approval of any other matters presented to the shareholders shall be by ballot, and the Corporate Secretary shall count the votes cast.

CERTIFICATION

I, **FINA BERNADETTE C. TANTUICO**, the Corporate Secretary of **F & J PRINCE HOLDINGS CORPORATION**, hereby certify that to the best of my knowledge, none of the current Directors or Officers of F & J Prince Holdings Corporation, with principal address at the 5th Floor Citibank Center, 8741 Paseo de Roxas, Makati City, are employed by, or holding positions in, or are in any way connected with any government agency or instrumentality of the government. One of the directors, Father Emeterio Barcelon, retired from his position as a professor of the Development Academy of the Philippines in 1999 and has not occupied any government position since his retirement.

This Certification is issued in compliance with the directive of the Securities & Exchange Commission (in compliance with Office of the President Memorandum Circular No. 17, September 4, 1986), in relation to the submission of the Corporation's Preliminary Information Statement.

May 30, 2017.

(ATTY.) FINA BERNADETTE D.C. TANTUICO
Corporate Secretary

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.

May 30, 2017, Makati City, Philippines.

F & J Prince Holdings Corporation

By:

ROBERT Y. COKENG
President

My Documents>F&J>2017 Files>
SEC Form 20-IS>Preliminary IS

PART II
INFORMATION REQUIRED IN A PROXY FORM

Item 1. Identification

The proxy is being solicited by *F & J Prince Holdings Corporation* (the "Corporation") for and in its behalf, in connection with its Annual Stockholders Meeting to be held on **Monday, July 31, 2017 at 2:30 p.m. at the Function Room 7, Top of the Citi, 34th Floor, Citibank Tower, 8741 Paseo de Roxas, Makati City.**

Item 2. Instruction

In order that your securities may be represented at the meeting in case you are not personally present, please complete, sign and date the Proxy Form.

The Corporation shall be pleased to vote your securities in accordance with your wishes if you will execute the Proxy Form and return the same promptly. It is understood that if you sign without otherwise marking the form, the securities will be voted as recommended by the Board of Directors on all matters to be considered at the meeting. The Chairman of the meeting is hereby authorized and empowered to fully exercise all rights as the attorney and proxy at such meeting.

Item 3. Revocability of Proxy

The shareholder may revoke the proxy issued by him at any time prior to its use by the party who is thereby authorized to exercise the same. The By-laws do not provide any formal procedure by which revocation shall be done. However, the By-laws provide that no proxy bearing a signature that is not legally acknowledge, shall be recognized at any meeting unless such signature is known and recognized by the secretary of the meeting. Furthermore, proxies for meetings must be filed with and received at the offices of the Corporation at least five (5) days prior to the date of the meeting.

Item 4. Persons Making the Solicitation

The solicitation of proxies is being undertaken by the Corporation in order to obtain the required quorum and the required vote to approve the subject matter of the annual meeting. No director has informed the Corporation of any intention to oppose the matters to be taken up in the annual meeting. No director or executive officer of the Registrant has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.

In addition to ordinary mail, the Corporation, in coordination with its stock and transfer agent, intends to utilize the usual couriers and messengers to undertake the personal delivery of the proxy forms. No special contracts for courier or delivery services have been entered into. Costs will be limited to the normal costs of such services.

The costs of distributing this Information Statement and of soliciting the relevant proxies, which will be approximately Thirty Thousand Pesos (₱30,000.00) shall be borne by the Corporation.

P R O X Y

This proxy is being solicited by *F & J Prince Holdings Corporation* (the "Corporation") for and in its behalf, in connection with its Annual Stockholders' Meeting to be held on **Monday, July 31, 2017, at 2:30 p.m. at the Function Room 7, Top of the Citi, 34th Floor, Citibank Tower, 8741 Paseo de Roxas, Makati City.**

In order that your securities may be represented at the meeting in case you are not personally present, please complete, sign and date this Proxy Form.

The Corporation shall be pleased to vote your securities in accordance with your wishes if you will execute this Proxy Form and return the same promptly. It is understood that if you sign without otherwise marking the form, the securities will be voted as recommended by the Board of Directors on all matters to be considered at the meeting. The Chairman of the meeting is hereby authorized and empowered to fully exercise all rights as the attorney and proxy at such meeting.

Hereunder are the matters to be taken up during the meeting, please indicate your proposal selection by firmly placing an "X" in the appropriate box:

1. **Approval of the Minutes of the July 28, 2016 Annual Stockholders' Meeting.**
   Voting Instruction

   ☐ For ☐ Against ☐ Abstain

2. **Approval of the Audited Financial Statements as of December 31, 2016.**
   Voting Instruction

   ☐ For ☐ Against ☐ Abstain

3. **Ratification of Corporate Acts.**
   Voting Instruction

   ☐ For ☐ Against ☐ Abstain

4. Election of Directors.

Nominees	Authority to Vote Granted	Authority to Vote Withheld
1. Francis L. Chua	☐	☐
2. Johnson U. Co	☐	☐
3. Francisco Y. Cokeng, Jr.	☐	☐
4. Mark Ryan K. Cokeng	☐	☐
5. Mary K. Cokeng	☐	☐
6. Robert Y. Cokeng	☐	☐
7. Rufino B. Tiangco	☐	☐
8. Johnson Tan Gui Yee	☐	☐
9. Robert Y. Ynson	☐	☐
Independent Directors:		
10. Josephine V. Barcelon	☐	☐
11. Johnny O. Cobankiat	☐	☐

5. Appointment of Sycip Gorres Velayo & Company as External Auditor of the Corporation for the Fiscal Year January to December 2017.

Voting Instruction

☐ For ☐ Against ☐ Abstain

This Proxy shall confer discretionary authority to vote with respect to any of the following matters:

1. Matters which the Corporation does not know a reasonable time before this solicitation, are to be presented at the meeting; and
2. Matters incident to the conduct of the meeting.

No director of the Registrant has informed the Registrant that he opposes any action intended to be taken or taken by the Registrant.

IN WITNESS WHEREOF, the undersigned stockholder has executed this proxy this ______ day of _____________ 2017, at __________________________________.

____
Usual Signature

____
Print Name Here

____
Address

F & J Prince Holdings Corporation

2016 Management Report

STOCK TRADING PRICE INFORMATION

The shares of the Registrant are listed with the Philippine Stock Exchange.

The high and low prices for each quarter within the last two (2) fiscal years and 1st quarter of 2017 are as follows:

QUARTER; YEAR	CLASS "A"		CLASS "B"	
	High	Low	High	Low
1st Quarter, 2015	3.35	3.00	3.04	2.98
2nd Quarter, 2015	3.75	3.00	3.84	3.04
3rd Quarter, 2015	3.75	2.73	3.10	2.85
4th Quarter, 2015	7.70	2.92	7.60	3.50
1st Quarter, 2016	5.97	4.30	6.46	4.36
2nd Quarter, 2016	5.69	4.82	6.60	4.82
3rd Quarter, 2016	7.35	5.28	7.60	5.70
4th Quarter, 2016	6.52	4.75	7.50	5.21
1st Quarter, 2017	6.55	5.20	7.48	6.50

Note 1: Dividends amounting to ₱0.20 per share were declared and paid out in 2016. Dividends of ₱0.20 per share were declared and paid by the company in 2015.

Note 2: Class "A" shares may be owned only by Filipino citizens while Class "B" shares may be owned by Filipino citizens as well as foreigners.

Note 3: Latest market price traded was ₱6.10 per share for Class "A" shares transacted on May 26, 2017; and ₱6.15 per share for Class "B" shares transacted on May 26, 2017.

Number of Shareholders

As of **May 26, 2017**, the Registrant had Four Hundred Seventy Three (473) stockholders of record, as follows: Class "A" shares – Four Hundred Twenty Nine (429) shareholders; Class "B" shares – Thirty Seven (37) shareholders; and shareholders owning both Class "A" and "B" – Seven (7) shareholders.

Dividends

Dividends amounting to ₱0.20 per share were declared and paid in 2016. Dividends of ₱0.20 per share were declared and paid in 2015.

Under the Registrant's By-laws, there are no restrictions in the declaration of dividends other than what is prescribed in the Corporation Code, namely that these shall be declared only from surplus profit and no stock dividend shall be issued without the approval of stockholders representing not less than two-thirds of all stock outstanding and entitled to vote at a general or special meeting called for the purpose. The amount of unrestricted retained earnings available for distribution as of December 31, 2016 was ₱289,994,116.00.

F & J Prince Holdings Corporation

Management Report

Annual Stockholders' Meeting

July 31, 2017

Contents

REPORT OF THE CHAIRMAN AND PRESIDENT

The Registrant's consolidated revenue in 2016 decreased by 3.4% to ₱177.3 million from ₱183.5 million in 2015. Equity in net earnings of associates decreased by 30% from ₱105.4 million in 2015 to ₱72.9 million in 2016 as Pointwest experienced lower earnings as operating margins dropped at some major accounts. Interest income slightly increased from ₱39.2 million in 2015 to ₱40 million in 2016 as interest levels have stabilized. A net foreign exchange gain of ₱36.6 million was recorded in 2016 as the Peso continues to decline against foreign currencies which benefitted the foreign exchange denominated bonds and other securities held by the Registrant and its subsidiary. Rent increased from ₱12.8 million in 2015 to ₱14.0 million in 2016 due to escalation of rental rates and the leasing out of additional condominium office units acquired in 2016. Gain on disposal of AFS, HTM and FVPL Financial Assets of ₱5.4 million was recorded in 2016 against ₱1.5 million in 2015. Dividend income increased from ₱1.5 million in 2015 to ₱1.9 million in 2016.

Total consolidated expenses of the Registrant decreased to ₱33.3 million in 2016 compared to ₱35.3 million in 2015.

As a result of the above, total consolidated income before tax in 2016 totaled ₱144.1 million compared to ₱148.2 million in 2015. After provision for income tax, total consolidated net income after tax totaled ₱136.5 million in 2016 compared to ₱139.6 million in 2015 or a decrease of 2%.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totalled ₱2.6 million in 2016 compared to ₱1.2 million in 2015.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2016, the Registrant's consolidated cash and cash equivalent totaled over ₱954.6 million which was lower than the level of ₱965.6 million as of December 31, 2015 due to additional investment in properties. The Registrant and its subsidiary is planning to undertake development of MCHC's land in Fort Bonifacio into an income producing building as well as to acquire income producing properties as well as additional land for development. The Registrant and its subsidiary are debt free with total consolidated liabilities of ₱35.1 million compared to ₱32.8 million in 2015 total equity amounted to ₱1.9 billion as of the end of 2016 compared to ₱1.8 billion in 2015.

The Registrant and its subsidiary and affiliates are substantially debt free except for MUDC which has loans and advances from its principal shareholders. The Registrant and its subsidiaries have more than enough cash resources to meet any expected requirements in the next twelve months. Consolidated cash and cash equivalents at the end of 2016 totalled ₱954.6 million compared to ₱965.6 million at the end of 2015 while total current assets totalled ₱1.2 billion at year-end 2016 compared to ₱1.1 billion at year-end 2015. Other than the normal fluctuation of the Peso exchange rate as well as the effect of the normal market fluctuations on the value of stock and bond holdings owned by the Registrant and its subsidiary, the Registrant is not aware of any trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in its liquidity increasing or decreasing in any material way. Likewise, the Registrant does not know of any trends, events or uncertainties that have or that are reasonably expected to have a material favorable or unfavorable impact on the revenues or income from continuing operations.

The following is a detailed discussion of the company direct and indirect subsidiaries and its affiliated associates:

MAGELLAN CAPITAL HOLDINGS CORPORATION (MCHC)

Magellan Capital Holdings Corporation (MCHC), your Company's 95% owned subsidiary, is involved in the development of and investment in infrastructure and power generation projects. Established in 1990, MCHC has ₱689 million in paid-in capital and ₱1,930 million in consolidated shareholders' equity as of December 31, 2016. After the acquisition of the block of shares owned by PSEG Philippine Holdings LLC. in December 2006, your Company owns 95% of the outstanding shares of MCHC and effectively controls and manages MCHC.

MCHC was until December 2006, 28% owned by PSEG Philippine Holdings LLC, a unit of the Public Service Enterprise Group (PSEG), the largest energy holding company in New Jersey and one of the largest in the United States.

MCHC's total consolidated assets at year-end 2016 was ₱1,955 million compared to ₱1,942 million at end of 2015. The primary reason for the increase was additional investment properties as it has been acquiring additional income producing properties. MCHC's consolidated revenues for the year 2016 totaled ₱105.8 million, an increase of 37% from 2015. The increase was due mainly to a net foreign exchange gain of ₱73.6 million. Total consolidated operating expenses of MCHC increased to ₱30.0 million in 2016 from ₱27.8 million in 2015 due mainly to taxes and licenses from the purchase of additional properties. As a result of the above, net income after tax of 2016, MCHC totaled ₱71.2 million in 2016 from ₱42.9 million in 2015.

The President and CEO of MCHC is Mr. Robert Y. Cokeng, who is also President of your Company.

MCHC owns 43% of Magellan Utilities Development Corporation (MUDC) which is discussed below. MCHC also owns the entire fifth floor of the Citibank Center Building in Makati as well as three (3) units in the adjacent Citibank Tower Building. It has also acquired one floor in the JMT Condominium Building in Ortigas Center which is currently leased out. Almost half of the floor in Citibank Center is used by your Company as well as MCHC and its subsidiaries as its corporate offices. One unit is leased to Business Process Outsourcing International, a 35% owned affiliate of the Company. The other two units available for lease have also been rented out. The condo units in the Citi Tower Building are also currently leased out. MCHC also owns a 985 square meter lot in Fort Bonifacio that it intends to develop into an office building. As a result, MCHC's rental income is expected to increase in the years ahead.

MAGELLAN UTILITIES DEVELOPMENT CORPORATION (MUDC)

Magellan Utilities Development Corporation (MUDC) is an MCHC project company developing a 320 MW Power Project in Pinamucan, Batangas. MCHC directly owns 43% of MUDC. GPU Power Philippines, Inc., a unit of GPU Corporation (GPU), former U.S. parent company of the Manila Electric Company (MERALCO), owns 40% of MUDC. MERALCO was established by a predecessor company of GPU during the American colonial era and was a wholly owned subsidiary of GPU until 1962 when MERALCO was acquired by a Lopez - led investor group.

With the continued uncertainty over the project being developed by MUDC, MUDC at the urging of its outside auditors had in 2004 written-off all its project development expenditures. It had in 2003 already written-off all pre-operating expenses as dictated by new accounting standards that became effective in 2003. With these write-offs, MUDC now has negative equity of ₱257 million as of year-end 2015. In 2005, your Company decided not to continue development of the project. Your Company's exposure including those of MCHC and its subsidiary, Pinamucan Industrial Estates, Inc., in the project have been provided for and will not have any impact on the Company's financial position. MCHC, along with other shareholders of MUDC, will evaluate the future course of action for MUDC, including possible liquidation.

POINTWEST TECHNOLOGIES CORPORATION (PTC)

Established in 2003 with your Company as one of the founding shareholders, Pointwest Technologies Corporation (PTC) is a global service company offering outsourced IT services from the Philippines. It is led by an experienced management team that helped pioneer offshore outsourcing in the Philippines. Among others, it offers software servicing, maintenance, testing and development to various clients, mostly in the United States. Your Company owns 30% of PTC. PTC has been profitable since its inception and has grown to a staff of over 1,200 professionals and support staff and annual revenues in 2016 of over ₱1.8 billion.

BUSINESS PROCESS OUTSOURCING INTERNATIONAL, INC. (BPOI)

Business Process Outsourcing International, Inc. (BPOI) is a provider of accounting and finance related services such as payroll services, internal audit, payables processing and others. It has a total staff of over 400 servicing many of the multinational and large corporations operating in the country. BPOI was spun off from the BPO Department of SGV & Co., the biggest auditing firm in the country.

Your Company owns 35% of BPOI after it acquired another 8.75% in 2005. BPOI revenues in 2016 exceeded ₱384 million.

OTHER INVESTMENTS

Your Company and Pinamucan Industrial Estates, Inc. (PIEI) a subsidiary of Magellan Capital Holdings Corporation have also invested in Aslan Pharmaceuticals Limited (Aslan), a biotech company focused on the development of Immunotherapies and targeted agents for Asia prevalent tumor types. Your Company owns 936,000 shares while PIEI owns 1,497,388 shares of Aslan. Aslan shares have been approved for listing in the Taipei Exchange at NT$68.92 per share and will be listed on the Exchange on June 1, 2017. The approved listing price is NT$68.92 per share.

CONCLUSION

Your Company generated a consolidated net income after tax in 2016 of ₱136.5 million, a slight decrease from the ₱139.6 million net income after tax in 2015. Equity in net earnings of associates which represents the Company's share of earnings of its outsourcing affiliates totaled ₱72.9 million in 2016 compared to the ₱105.4 million reported in 2015 as operating margins were under pressure in some major accounts. However, this was offset by higher net foreign exchange gains and by fair value gains on financial assets at FVPL and gains on disposal of ATS financial assets and financial assets at FVPL. Your Company also had an increase in total comprehensive income for the year 2016 with a total of ₱179.8 million from ₱139.3 million in 2015 as a result of the share in comprehensive income of associates. As a result of the higher comprehensive net income and the effect of dividend payments in 2016, total stockholders equity increased to ₱1,938.6 million at the end of 2016 from ₱1,839.6 million at the end of 2015. The Company and its subsidiary has been increasing its investment in income producing property and will be developing its lot in Fort Bonifacio into an office building generating lease income. It is also looking to acquire other income producing properties to increase the Company's income from continuing operations. The Company will be carefully and prudently evaluating other new projects that may be suitable to pursue in the current economic environment.

With the support of the Directors, Officers, Staff and Shareholders, we are confident of the Company's future prospects and continued success. We again reiterate our thanks to the Shareholders for their continued support.

ROBERT Y. COKENG
Chairman & President

BUSINESS AND GENERAL INFORMATION

A. BUSINESS DEVELOPMENT

The Registrant was incorporated and registered with the Securities and Exchange Commission ("SEC") on 18 February 1971 to engage primarily in the business of mining, including mineral and oil exploration. Its shares were registered and listed with the SEC in 1979 and thereafter listed and traded at the Manila Stock Exchange. Presently, its shares are listed with the Philippine Stock Exchange ("PSE").

On 28 July 1997, the Registrant's primary purpose was changed to that of a holding company. At present, the Registrant holds a 94.34% majority interest in Magellan Capital Holdings Corporation ("MCHC").

In addition, the Registrant owns 30% of Pointwest Technologies Corporation ("PTC"), a software servicing and development company. The Registrant also owns 35% of Business Process Outsourcing International, Inc. ("BPOI") a provider of accounting-based business process outsourcing ("BPO") services to a large number of clients.

From its incorporation to the present, the Registrant has not been subject to any bankruptcy, receivership or similar proceedings. There has been no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets other than in the ordinary course of business and other than the sale by MCHC of its shares in one of its subsidiaries to J.G. Summit Holdings, Inc.

Business Development of the Registrant's Subsidiaries

Magellan Capital Holdings Corporation ("MCHC"), is a corporation which was incorporated and registered with the SEC on 06 November 1990. The Registrant owns a 94.37% majority interest in MCHC. MCHC's primary purpose is to engage in the business of identifying, developing and implementing infrastructure and industrial projects. On December 7, 2006, the Registrant acquired the shares of MCHC owned by PSEG Philippines Holdings LLC which represented a 27.67% total equity stake in MCHC. As a result of this transaction, the Registrant increased its ownership stake in MCHC from 66.67% to 94.37%. Because the shares were acquired at a substantial discount to book value, the Registrant booked a gain of ₱201.3 million representing excess of fair value of net assets acquired over cost in 2006.

MCHC owns 100% of the shares of the following companies:

NAME OF COMPANY	DATE OF INCORPORATION	PRIMARY PURPOSE
Pinamucan Industrial Estates, Inc.	05 May 1993	Real Estate holding and Development
Malabrigo Corporation	31 August 1993	Mining
Magellan Capital Trading, Inc.	04 January 1991	Trading
Magellan Capital Realty Development Corporation	14 November 1990	Realty

From its incorporation to the present, none of the Registrant's above-named subsidiaries have been subject to any bankruptcy, receivership or similar proceedings. There has also been no material reclassification, merger, consolidation, or purchase or sale of a significant amount of their assets other than in the ordinary course of business.

Business of Registrant

Description of Registrant

The Registrant is a holding company. At present, it owns almost 95% of its subsidiary, MCHC, which is currently invested in real estate assets and in bond and stock investments and in shares of its subsidiaries. Most of the Registrant's indirect operating subsidiaries, i.e. MCHC's subsidiaries, are in development of infrastructure projects, as well as landholding and development. The Registrant also owns 30% of PTC, a soft ware servicing development company and 35% of BPOI, a company providing accounting, finance and payroll services which it acquired in 2004 and 2005.

Percentage of Consolidated Total Revenues

Breakdown of Revenue for the year 2016

	CONSOLIDATED TOTAL REVENUE	PERCENTAGE BREAKDOWN
Equity in Net Earnings of Associates	₱ 72,929,014	41.1%
Interest Income	40,141,896	22.6%
Net Foreign Exchange Gains	32,814,059	18.5%
Gain on Disposal of AFS and HTM Financial Assets	5,379,140	3.0%
Rent	14,028,672	7.9%
Fair Value Gains on Financial Assets at FVPL	9,980,598	5.6%
Dividend Income	1,906,263	1.1%
Others	88,257	0.1%
Total	**₱ 177,267,899**	**100.00%**

Breakdown of Revenue for the year 2015

	CONSOLIDATED TOTAL REVENUE	PERCENTAGE BREAKDOWN
Equity in Net Earnings of Associates	₱ 105,413,232	57.5%
Interest Income	39,171,045	21.4%
Net Foreign Exchange Gains	22,825,228	12.4%
Gain on Disposal of AFS and FVPL Financial Assets	1,525,919	0.8%
Rent	12,796,615	7.0%
Dividend Income	1,538,110	0.8%
Others	180,027	0.1%
Total	**₱ 183,450,176**	**100.00%**

The Registrant's consolidated revenue in 2016 decreased by 3.4% to ₱177.3 million from ₱183.5 million in 2015. Equity in net earnings of associates decreased by 30% from ₱105.4 million in 2015 to ₱72.9 million in 2016 as Pointwest experienced lower earnings as operating margins dropped at some major accounts. However, this was partly offset by better operating margin at BPO International. Interest income slightly increased from ₱39.2 million in 2015 to ₱40 million in 2016 as interest levels have stabilized. A net foreign exchange gain of ₱36.6 million was recorded in 2016 as the Peso continues to decline against foreign currencies which benefitted the foreign exchange denominated bonds and other securities hold by the Registrant and its subsidiary. Rent increased from ₱12.8 million in 2015 to ₱14.0 million in 2016 due to escalation of rental rates and the leasing out of additional condominium office units acquired in 2016. Gain on disposal of AFS, HTM and FVPL Financial Assets of ₱5.4 million was recorded in 2016 against ₱1.5 million in 2015. Dividend income increased from ₱1.5 million in 2015 to ₱1.9 million in 2016.

B. PRINCIPAL PRODUCTS AND SERVICES OF MCHC

Currently, MCHC, the Registrant's subsidiary, has direct holdings in real estate and stock and bond investments. It also owns shares in subsidiaries and affiliates engaged in development of infrastructure projects and in real estate investment and development.

(a) Power Generation Project Companies

As a result of the crippling power shortages in the 1980s, the Philippine government launched its program to encourage private sector participation in the power industry through the enactment of Executive Order No. 215 ("EO 215"). Under EO 215, independent power producers ("IPPs") may participate in bulk generation to serve the requirements of the National Power Corporation ("NPC"), electric cooperatives, private utilities and other customers. It was against this background that MCHC's power generation project companies, Magellan Utilities Development Corporation ("MUDC"), Magellan Cogeneration, Inc. ("MCI") and Mactan Power Corporation ("MPC") were organized, on the basis of BOO schemes under Republic Act No. 6957, as amended by Republic Act No. 7718. The MPC project was sold by MCHC in 1997 right before the onset of the Asian economic crisis. The MCI project was completed and sold in 1998.

MUDC, which was established to develop an approximately 320MW power plant in Pinamucan, Batangas is 43%-owned by MCHC. The other major shareholder in MUDC is GPU Power Philippines, Inc. ("GPU Power"), with a 40% equity interest. GPU Power is a subsidiary of GPU Corporation ("GPU"), the former parent company of Manila Electric Company ("MERALCO"). GPU was a U.S.-based energy holding company with about US$11 billion in assets that operates utilities and power plants in New Jersey and Pennsylvania, U.S.A. GPU has been acquired by First Energy Corporation of Ohio which has decided to withdraw from the project and has done so by liquidating GPU Power.

MUDC initially had a 25-year power sales contract with MERALCO, under which MUDC was to supply power to MERALCO from its 300 MW coal-fired power plant to be constructed in Pinamucan, Batangas. Under a Memorandum of Agreement executed in December 1998, the parties agreed to execute a power purchase agreement whereby MERALCO would purchase the power generated from MUDC's 320 MW power plant, which was to be fuelled primarily by natural gas. The said power purchase agreement has not yet been finalized.

As a result of the project's uncertain prospects, the Registrant's auditor recommended and management had agreed that provision be made for all project development expenditures and pre-operating expenses by MUDC in line with current accounting standards. MUDC has decided not to proceed with its power project due to MERALCO's unwillingness to enter into a revised Power Purchase Agreement and due to the withdrawal of its foreign partner, GPU. In addition, MCHC has almost fully provided for its receivables due from MUDC. In 2008, in the Registrant's Consolidated Financial Statements, receivables due to MCHC's subsidiary, Pinamucan Industrial Estates, Inc., were also fully provisioned. Thus, the Registrant's remaining exposure to the MUDC project is minimal (about ₱2.1 million) at the end of 2015.

(b) Real Estate Holding and Development Companies

Until July 2011, MCHC owned 100% interest in Batangas Agro-Industrial Development Corporation ("BAID").

BAID has the following wholly-owned subsidiaries which together with BAID own 50 hectares of land fronting Batangas Bay in Pinamucan, Batangas:

(1) Fruit of the East, Inc.;
(2) United Philippines Oil Trading, Inc.;
(3) Hometel Integrated Management Corporation;
(4) King Leader Philippines, Inc.;
(5) Samar Commodities & Industrial Corporation; and
(6) Tropical Aqua Resources, Inc.

In July 2011, MCHC sold all its shares in BAID to J.G. Summit Holdings, Inc. for a total consideration of ₱1.04 billion.

(c) Principal Products and Services of Pointwest Technologies Corporation ("PTC")

PTC is a global service company offering outsourced IT services from the Philippines. It is led by an experienced management team that helped pioneer offshore outsourcing in the Philippines. The Registrant is a founding shareholder of PTC and owns 30% of its equity. Among others, PTC offers software servicing, maintenance, testing, and development to various clients mostly in the United States. It started operations in 2003 and has now built up to a staffing level of over One Thousand Two Hundred (1,200) IT Professionals and Support Staff. PTC's consolidated revenue in 2016 reached over One Billion Eight Hundred Million Pesos (₱1.8 Billion).

(d) Principal Products and Services of Business Process Outsourcing International, Inc. ("BPOI")

BPOI is a provider of finance and accounting services such as payroll services, internal audit, payables processing and other accounting based services. It has a total of over 600 employees servicing many of the large multinationals operating in the country. BPOI was spun off from the BPO department of SGV & Co, the biggest auditing firm in the country. The Registrant is a major shareholder of BPOI with a 35% ownership stake. BPOI's revenues in 2016 exceeded ₱384 million and has over 400 accountants and support staff.

Competition

Pointwest Technologies Corporation and BPOI face competition from other providers of software and business process outsourcing services both in the country and abroad. Outsourcing is a competitive industry and being competitive requires ability to provide quality and reliable service and ability to control costs so that operating margins are maintained at viable levels.

Transactions with and/or Dependence on Related Parties

The Registrant's subsidiary, MCHC and certain of MCHC's subsidiaries and affiliates as well as Registrant's affiliate, BPOI have transactions with each other such as rental contracts and intercompany loans. These transactions are on arms-length basis and, in the case of partially owned affiliates, are subject to approval of unrelated shareholders of these affiliates. In the case of rental contracts, the rental rates charged are similar to those charged to outside parties leasing similar properties.

Patents, Trademarks, Copyrights, Etc.

As previously stated, other than for MUDC's power supply agreement with MERALCO and Memorandum of Understanding with SPEX, there are no patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts and the like, owned by or pertaining to the Registrant and its subsidiary, MCHC.

Costs and Effects of Compliance with Environmental Laws

Since MUDC has decided not to pursue its power project, there is no anticipated need to comply with any environmental regulations. The other affiliates which are involved in the outsourcing industry which mainly involve the use of computer and other office equipment are expected to have negligible environmental impact.

Employees

The Registrant has three (3) full time employees, one (1) each for accounting, clerical, and administrative and one (1) consultant, not including the employees and consultants retained by the Registrant's subsidiary and affiliates. The Registrant's employees are not subject to any Collective Bargaining Agreements (CBA), nor are they involved in or have threatened to strike for the past three (3) years. Aside from the mandatory 13th month pay and additional 14th month pay and service incentive leaves (vacation and sick) benefits and retirement benefits mandated by R.A. 7641, there are no other benefits that are granted by the Registrant to its employees. The Registrant does not anticipate the need to hire additional employees within the ensuing twelve (12) months.

Risk of the Business of the Registrant and Subsidiaries

1. Pointwest Technologies Corporation (PTC)

PTC would face the normal risks faced by an IT services company serving mostly foreign clients. These risks include: 1) the risk that PTC may not find or retain clients; 2) some contracts are on non-recurring basis and may not be renewed; 3) risk of contract dispute in case of customer dissatisfaction with the services provided; 4) risk of non-collection of receivables due to contract dispute or to financial problems of customers; 5) high staff turnover which may affect service quality; 6) ability to recruit and retain qualified IT professionals; (7) change in foreign exchange rates that may affect the operating margin of its businesses.

2. Business Process Outsourcing International, Inc. ("BPOI")

BPO would face the normal risks faced by a BPO company which are very similar to the risks faced by an IT services outsourcing company such as PTC. BPOI currently services only domestic clients but intends to develop its foreign business. The risks BPOI takes include: 1) the risk that BPOI may not find or retain clients; 2) some contracts are on non-recurring basis and may not be renewed; 3) risk of contract dispute in case of customer dissatisfaction with the services provided; 4) risk of non-collection of receivables due to contract dispute or to financial problems of customers; 5) high staff turnover which may affect service quality; 6) ability to recruit and retain qualified accounting and finance professionals.

3. Portfolio Investments

The Registrant and its subsidiaries and affiliates also invest their excess cash in bonds, stocks and short-term placements. These involve government securities as well as corporate bond and stock investments which face the normal commercial risks such as price declines, payment defaults and foreign exchange risks in the case of foreign currency denominated investments.

Other Interests

MCHC also has a 100% interest in a mining company, Malabrigo Corporation ("Malabrigo"). Malabrigo has a paid-up capital of ₱10,000,000.00 and limestone mining claims in Batangas, which are not considered significant in potential. It has also invested as a partner in a shopping center project in the United States.

The Registrant and Pinamucan Industrial Estates, Inc. (PIEI) have also invested in Aslan Pharmaceuticals Limited (Aslan), a biotech company focused on development of immunotherapies and targeted agents for Asia prevalent tumor types. The Registrant owns 936,000 shares while PIEI owns 1,497,388 shares of Aslan. Aslan's shares have been approved for listing in the Taipei Exchange at NT$68.92 per share and will be listed on June 1, 2017.

Other than MUDC's power supply agreement with MERALCO and Memorandum of Understanding with SPEX, there are no patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts and the like owned by or pertaining to the Registrant and its subsidiary, MCHC. Also, no substantial expenditures have been made for research and development activities for the past three (3) years.

PROPERTIES

Equity Interests. The Registrant' investment in MCHC, consists of shares of common stock with aggregate issued value representing approximately 94.37% of the outstanding shares of MCHC.

MCHC owns 70,458 shares of common stock, representing approximately 43% of the outstanding capital stock of MUDC. MUDC was set up to develop a 320 MW power plant project in Pinamucan, Batangas which has now been aborted. MCHC's exposure to MUDC has been fully provided for in the Consolidated Financial Statements.

MCHC also has equity interests in Pinamucan Industrial Estates, Inc. (100%-owned) and Malabrigo (100%-owned). MCHC also owns 100% of Magellan Capital Trading Corporation; Magellan Capital Realty Development Corporation, two inactive shell companies.

The Registrant owns common shares in Pointwest Technologies Corporation which represent a 30% ownership interest in the company. The Registrant also owns shares of BPOI equivalent to 35% ownership interest in BPOI.

Real Estate. The Registrant has no real estate holdings except through its subsidiary, MCHC.

(a) Condominium Units

MCHC owns five (5) office condominium units which comprise the entire 5th Floor of the Citibank Center building, located at 8741 Paseo de Roxas, Makati City, including five (5) appurtenant parking units, *per* a Deed of Sale executed on 26 April 2000. Three of the five units are being leased out and two units are used as the corporate offices of the Registrant and its subsidiaries. MCHC also owns an office condominium unit on the 25th Floor and two condominium units on the 16th Floor of the Citibank Tower Building in Makati (acquired in December 2014) and ten parking slots which are being leased out at prevailing commercial rates. MCHC also acquired in early 2017 one whole floor of the JMT Condominium Building in Ortigas Center.

(b) Office Properties

MCHC, the Registrant's wholly-owned subsidiary, has relocated its corporate offices to its Citicenter Property which consists of the entire 5th Floor of the Citibank Center Building in Makati. The Registrant, as principal shareholder of MCHC, has been allocated office space by MCHC. MCHC has also leased out the four (4) remaining units. One of the units has been leased by Business Process Outsourcing International (BPOI) since February 16, 2009. Three other units are leased to other lessees.

(c) Land/Property Ownership

MCHC has acquired a 985 m2 lot in Fort Bonifacio which it plans to develop into an office building for lease. MCHC acquired, at the end of 2014, two additional condominium office units in Citibank Tower which are currently leased out. At the end of 2016, MCHC also acquired one floor of office condo units in the JMT Condominium Building which are also currently leased out. As of 31 December 2016, the above land and properties are not subject to any mortgages, liens or encumbrances.

LEGAL PROCEEDINGS

For the past six (6) years up to the present, there are no proceedings involving, and to the best of knowledge threatened against the Registrant. As of **May 26, 2017**, none of the current directors, or nominees for election as director, executive officer, underwriter or control person of the Registrant has been involved in or in the subject of any bankruptcy petition, conviction by final judgment, or is the subject of any order judgment or decree, or involved in any violation of a securities of commodities law.

However, with respect to its subsidiaries, following is a summary of pending litigation involving them:

(a) ***"Rolando M. Zosa v. Magellan Capital Holdings Corporation and Magellan Capital Management Corporation"***, Civil Case No. CEB-18619, Regional Trial Court of Cebu City, Branch 58; *Magellan Capital Management Corporation and Magellan Capital Holdings Corporation v. Rolando M. Zosa, et al."* G.R. No. 129916, Supreme Court; *Ad Hoc Arbitration with an Arbitral Tribunal composed of Justice Florentino P. Feliciano, as Chairman and Attys. Ramon R. Torralba and Enrique I. Quiason as members; Regional Trial Court, Branch 139, SP Proc. No. M-6259 and SP Proc. No. 6264.*

This is a case for damages instituted in May 1996, wherein complainant Zosa seeks to enforce his purported rights under his Employment Agreement with defendants and claims entitlement to the following reliefs, to wit:

(1) actual damages in the amount of ₱10,000,000;
(2) attorney's fees in the amount of ₱300,000; and
(3) expenses of litigation in the amount of ₱150,000.

Defendants sought a dismissal of the case, invoking the provision of arbitration in the Employment Contract. In a Decision dated 18 July 1997, the trial court declared invalid the arbitration clause providing for the manner by which the arbitrators will be chosen and substituted the provisions of the Arbitration Law therefore. The Supreme Court, on 26 March 2001 affirmed the trial court's decision which became final and executory. Arbitrators were appointed one by Zosa, on the one hand, and the other jointly appointed by MCHC and MCMC and a third jointly chosen by the two arbitrators.

Sometime in November 2004, the Arbitral Tribunal was finally constituted composed of Justice Florentino P. Feliciano as Chairman and Attys. Ramon R. Torralba and Enrique I. Quiason as members.

On 14 March 2005, the parties submitted to the Tribunal their Confirmation of Agreement to Submit to Arbitration. The Complainant has submitted its Statement of Claims & Memorials. The respondents have submitted their Statement of Defenses and are scheduled to submit their Counter-Memorials on 02 May 2004.

On 02 August 2005, the Memoranda of the parties were submitted and the case was submitted for resolution.

On 06 March 2005, the Tribunal rendered its decision awarding Zosa's claim for severance pay but disallowed his claims for attorney's fees and moral and exemplary damages and costs of suit.

On 12 April 2006, MCHC filed with the Regional Trial Court of Makati City, a verified petition with prayer for the issuance of an Order to Vacate the Arbitral Award, dated 6 March 2006, pursuant to Sections 22 to 29 of Republic Act No. 876 ("The Arbitration Law") and the relevant provisions of Republic Act No. 9825 (the "Alternative Dispute Resolution Act of 2004). Likewise, Zosa filed his Application for Confirmation of Award on 12 April 2006. The two cases were consolidated and are presently pending with Branch 139 of the Regional Trial Court of Makati as Sp. Proc. No. M-6259 and M-6264. The parties are presently awaiting the Court's resolution on the issue of whether the Application for Confirmation of Award was seasonably filed considering the non-payment of docket fees at the time of filing. On 17 March 2009, a hearing was held whereby the Court directed all the parties to submit their respective Memoranda. In compliance with the aforesaid order, MCHC submitted its Memoranda on 17 May 2009. The case was submitted for resolution on 29 January 2013.

On 29 June 2015, the Court rendered its decision confirming the arbitral award directing MCHC solidarily with MCMC to pay Zosa's severance compensation in the amount of ₱14,669,691.43. MCHC filed its Motion for Reconsideration on 23 July 2015 which was denied in an Order dated 7 January 2016. On 9 February 2016, MCHC filed with the Court of Appeals its Petition for Review of the Decision of the Regional Trial Court. The case is now pending with the Court of Appeals.

(b) ***"People of the Philippines vs. Ariel Balatbat",*** Criminal Case No. 115515, Regional Trial Court of Pasig City, Branch 155. MCHC filed a complaint, through its authorized officer, against Ariel Balatbat for qualified theft relating to several unauthorized withdrawals of, and anomalous transactions involving, company funds in the total amount ₱41,021.50 (converted to US$1,000.00). On 29 October 2004, the Court rendered its decision finding the accused guilty beyond reasonable doubt of the crime of qualified theft under Article 310 of the Revised Penal Code and imposed the corresponding penalty of imprisonment of 10 years minimum to a maximum of 14 years. The case is pending appeal as of this writing.

"People of the Philippines vs. Ariel Balatbat", Criminal Case No. 114955, Regional Trial Court of Pasig City, Branch 151. MUDC, through its authorized officer, has also filed a complaint against Ariel Balatbat for qualified theft relating to several unauthorized withdrawals of, and anomalous transactions involving, company funds in the total amount of ₱121,500.00 (equivalent to US$3,000.00), US$4,000.00, and US$1,020.00. Said amounts were never recovered or accounted for. The case is currently pending before the Regional Trial Court, which also issued a warrant of arrest for the same. The bail was set for ₱40,000.00. The accused was arrested and subsequently arraigned. Three (3) witnesses have been presented - two (2) from the bank and one (1) from MUDC.

On 28 February 2005, the Prosecution filed its "Formal Offer of Evidence". Defense rested its case on 4 December 2006. On 22 January 2007, the Prosecution presented its rebuttal evidence. The Memorandum for the Prosecution having been filed, the case was submitted for decision. As of this writing or on April 29, 2013 the Court rendered its decision finding the accused guilty of the crime of qualified theft and sentenced the accused to *reclusion perpetua*. It also ordered the restitution to MUDC of the amount of $4,000.00 or its peso equivalent ₱105,720.00 Pesos. The Court found no liability for the amount of $3,000.00 withdrawn it appearing that same was credited to private complainant. On appeal, the Court of Appeals, in a Decision dated 28 February 2017, reversed and set aside the Decision of the Regional Trial Court, dated 15 February 2013. As of this writing, MCHC, for humanitarian reasons, and the fact that the accused had already spent some time in incarceration, decided not to appeal the aforesaid Decision of the Court of Appeals.

c) **Magellan Capital Holdings Corporation vs. Spouses Mario and Preciosa Roño, Civil Case No. 066, Regional Trial Court, Taguig City, Branch 153.** This is a case, filed in 2016, for Injunction, with application for TRO and Writ of Injunction, against Spouses Mario and Preciosa Roño, the Taguig Register of Deeds, the Securities and Exchange Commission, Bureau of Internal Revenue, Taguig District to prevent the use of falsified documents including a fake Deed of Sale, fake General Information Sheet (GIS) and fake certificate of title, to transfer MCHC's property in Fort Bonifacio in favor of the Spouses Roño. This is in relation to the ongoing attempt by certain individuals to cause the transfer of title over MCHC's 985 square meter lot at Bonifacio Global City ("BGC") in their favor using falsified and spurious documents. The Regional Trial Court granted the preliminary injunction on 24 August 2016. The case is pending resolution on the grant of a permanent injunction.

d) **Magellan Capital Holdings Corporation represented by Mr. Robert Y. Cokeng vs. Spouses Mario and Preciosa Roño et al, XV-16-INQ-16F-00541, Office of the City Prosecutor of Taguig; People of the Philippines vs. Marion S. Roño, Criminal Case No. 17-28768, Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño, Criminal Case No. 17-28769, Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño and Preciosa Roño, Criminal Case No. 17-28771, Metropolitan Trial Court of Taguig City, Branch 115;People of the Philippines vs. Mario Roño and Preciosa Roño, Criminal Case no. 17-28770, Metropolitan Trial Court of Taguig City, Branch 116.** These criminal cases for Falsification under Article 171 in relation to Article 172 of the Revised Penal Code, were filed against the named individuals in connection with Civil Case No. 066. The Prosecutor in XV-16-INQ-16F-00541, found probable cause against the respondents and the corresponding Information was filed with the Metropolitan Trial Court. A Warrant of Arrest against the respondents was issued on 10 February 2017 and Arraignment was held last 23 March 2017. As of this writing, the case is pending resolution of the Omnibus Motion for Reconsideration filed by the accused.

e) **Magellan Capital Holdings Corporation, represented by Mr. Robert Y. Cokeng vs. Spouses Mario and Preciosa Roño, Pedro S. Villaflor, John Doe and Jane Doe, IS No. XV-13-INV-16-J-02050, Office of the City Prosecutor of Pasay City, Department of Justice.** In relation to the aforementioned cases, this case was filed against the respondents for violation of Article 172 in relation Article 171 of the revised Penal Code (Use of Falsified documents). The falsified documents were used to open an account in Maybank, Villamor Base branch, Pasay City.

f) **Magellan Capital Holdings Corporation vs. Spouses Mario and Preciosa Roño, IS No. XV-03-INV-16J-10508, Office of the City Prosecutor of Quezon City, Department of Justice.** In relation to the aforementioned cases, this case was filed against the respondents for violation of Article 172 in relation to Article 171 (2) of the Revised Penal Code. The falsified documents appear as having been executed and notarized in Quezon City.

g) **Robert Y. Cokeng (for and in behalf of Magellan Capital Holdings Corporation) vs. Maybank Philippines, Inc. Dato Dr. Tan Tat Wai, Herminio M. Famatigan Jr., Jonathan P. Ong, Jose A. Morales III and Milandro C. Urbano, OSI-AC-No. 2016-032, Bangko Sentral ng Pilipinas, Office of the Special Investigation**; **Robert Y. Cokeng (for and in behalf of Magellan Capital Holdings Corporation) v. Metropolitan Bank and Trust Company, Fabian S. Dee, Alfredo V. Ty, Arthur Ty, Francis Cua, Trixia C. Tan, Joyce P. Pareno and Grance C. Buenavista, OSI-AC_No. 2016-029, Bangko Sentral ng Pilipinas, Office of Special Investigation.** These cases were filed with the Bangko Sentral ng Pilipinas against two banks, Maybank and Metro Bank in connection with their participation in the aforementioned cases.

FINANCIAL AND OTHER INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Registrant's consolidated revenue in 2016 decreased by 3.4% to ₱177.3 million from ₱183.5 million in 2015. Equity in net earnings of associates decreased by 30% from ₱105.4 million in 2015 to ₱72.9 million in 2016 as Pointwest experienced lower earnings as operating margins dropped at some major accounts. Interest income slightly increased from ₱39.2 million in 2015 to ₱40 million in 2016 as interest levels have stabilized. A net foreign exchange gain of ₱36.6 million was recorded in 2016 as the Peso continues to decline against foreign currencies which benefitted the foreign exchange denominated bonds and other securities hold by the Registrant and its subsidiary. Rent increased from ₱12.8 million in 2015 to ₱14.0 million in 2016 due to escalation of rental rates and the leasing out of additional condominium office units acquired in 2016. Gain on disposal of AFS, HTM and FVPL Financial Assets of ₱5.4 million was recorded in 2016 against ₱1.5 million in 2015. Dividend income increased from ₱1.5 million in 2015 to ₱1.9 million in 2016.

Total consolidated expenses of the Registrant decreased to ₱33.3 million in 2016 compared to ₱35.3 million in 2015.

As a result of the above, total consolidated income before tax in 2016 totaled ₱144.1 million compared to ₱148.2 million in 2015. After provision for income tax, total consolidated net income after tax totaled ₱136.5 million in 2016 compared to ₱139.6 million in 2015 or a decrease of 2%.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totalled ₱2.6 million in 2016 compared to ₱1.2 million in 2015.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2016, the Registrant's consolidated cash and cash equivalent totaled over ₱954.6 million which was lower than the level of ₱965.6 million as of December 31, 2015 due to additional investment in properties. The Registrant and its subsidiary is planning to undertake development of MCHC's land in Fort Bonifacio into an income producing building as well as to acquire income producing properties as well as additional land for development. The Registrant and its subsidiary are debt free with total consolidated liabilities of ₱35.1 million compared to ₱32.8 million in 2015 total equity amounted to ₱1.9 billion as of the end of 2016 compared to ₱1.8 billion in 2015.

The Registrant and its subsidiary and affiliates are substantially debt free except for MUDC which has loans and advances from its principal shareholders. The Registrant and its subsidiaries have more than enough cash resources to meet any expected requirements in the next twelve months. Consolidated cash and cash equivalents at the end of 2016 totalled ₱954.6 million compared to ₱965.6 million at the end of 2015 while total current assets totalled ₱1.2 billion at year-end 2016 compared to ₱1.1 billion at year-end 2015. Other than the normal fluctuation of the Peso exchange rate as well as the effect of the normal market fluctuations on the value of stock and bond holdings owned by the Registrant and its subsidiary, the Registrant is not aware of any trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in its liquidity increasing or decreasing in any material way. Likewise, the Registrant does not know of any trends, events or uncertainties that have or that are reasonably expected to have a material favorable or unfavorable impact on the revenues or income from continuing operations.

Top Five (5) Key Performance Indicators

The top five (5) performance indicators for the Registrant are as follows:

(1) Revenue Generation
(2) Change in net income
(3) Earnings per share
(4) Current ratio
(5) Book value per share

<u>Revenue Generation</u>. Revenue in the last three fiscal years are summarized below along with vertical percentage analysis:

(₱000)	YEAR 2016	PERCENTAGE	YEAR 2015	PERCENTAGE	YEAR 2014	PERCENTAGE
Equity in net earnings of associates	₱ 72,929	41.2%	₱ 105,413	57.5%	₱ 72,551	61.6%
Interest Income	40,141	22.6%	39,171	21.4%	37,720	32.0%
Rent	14,028	18.5%	12,797	7.0%	4,505	3.8%
Dividend Income	1,906	1.1%	1,538	0.8%	2,290	1.9%
Fair Value Gains on Financial Assets at FVPL	9,981	5.6%	-	-	-	-
Gain on Disposal of AFS, HTM and FVPL Investments	5,379	3.0%	1,526	0.8%	236	0.2%
Net FX Gain	32,814	18.5%	22,825	12.4%	-	-
Others	88	0.1%	180	0.1%	565	0.5%
Total from continuing operation	**₱ 177,268**	**100.0%**	**₱ 183,450**	**100.0%**	**₱ 117,867**	**100.0%**

Because it is a holding company, the Registrant derives a large part of its revenue from its equity in net earnings of associates which in 2016 accounted for over 41% of consolidated total revenues from continuing operations. 2014 saw a drop in earnings of the outsourcing affiliates as BPOI lost a major account and Pointwest experienced lower margin on some new accounts. However, revenue and earnings recovered sharply in 2015 leading to record revenues and profits at Pointwest and a respectable growth at BPOI. However, operating margins dropped at Pointwest in 2016 due to the lower revenues at some accounts and cost pressures. BPOI on the other hand saw improvement in margins as efficiency improved. As a result, the Registrant's share in their net earnings dropped to ₱72.9 million in 2016 from ₱105.4 million in 2015. Interest income also increased slightly in 2016 to ₱40.1 million from ₱39.2 million in 2015 due to stabilizing rates of interest in the capital markets. In addition, net Fx gain was ₱ 32.8 million in 2016 as the strong dollar benefitted the foreign exchange denominated bonds and stock portfolio of the Registrant and its subsidiaries. In the future, we would expect rental income to increase as the Registrant and its subsidiary increases its portfolio of income producing properties by developing its land in Fort Bonifacio into an income producing building and by acquiring additional income producing properties. Rental income in 2016 has exceeded ₱14.0 million from ₱12.8 million in 2015 due to acquisition of additional income producing property. Rental income in 2017 should further increase due to acquisition of income producing properties in 2016.

Change in net income. The summary income statements for the last three fiscal years are shown below with vertical percentage analysis.

(000)	YEARS ENDED DECEMBER 31					
	2016	PERCENTAGE	2015	PERCENTAGE	2014	PERCENTAGE
Revenue	₱ 177,268	100%	₱ 183,450	100%	₱ 117,867	100%
Expenses	33,174	18.7%	35,273	19.2%	33,996	28.8%
Net Income Before Tax	144,094	81.3%	148,178	80.8%	83,871	71.2%
Tax	(7,571)	4.3%	(8,536)	4.7%	(5,116)	4.3%
Net Income After Tax	136,523	77.0%	139,641	76.1%	78,754	66.8%
Total Net Income	**₱ 136,523**	**77.0%**	**₱ 139,641**	**76.1%**	**₱ 78,754**	**66.8%**
Attributable to Stockholders of Registrant	133,941	75.5%	138,463	75.5%	77,290	65.6%
Non-Controlling Interest	2,582	1.5%	1,178	0.6%	1,464	1.2%

As the above shows, net income dropped by 2% to ₱136.5 million in 2016 from ₱139.6 million in 2015. The decrease in net income was mainly due to lower equity in net earnings of associates. The net income in 2016 attributable to stockholders of the Registrant was ₱133.9 million while ₱2.6 million was attributable to non-controlling interests, namely minority shareholders of Magellan Capital Holdings Corporation. The net income attributable to stockholders of the Registrant in 2015 was ₱138.5 million while ₱1.2 million was attributable to non-controlling interests.

Earnings per share. The earnings per share in 2016 amounted to ₱0.35 per share compared to earnings per share from continuing operations of ₱0.36 in 2015 and ₱0.20 in 2016. The earnings per share are adjusted to reflect the shares held by the Registrant's subsidiaries which are classified as treasury shares in the Consolidated Financial Statements.

Current-Ratio. Current Ratio (current assets divided by current liabilities) which measures the liquidity position of the Registrant was 54.5 x at December 31, 2016 compared to 70 x at the end of 2015. The Registrant's liquidity position is very strong and gives it substantial resources to pursue its projects.

Book value per share. The Registrant's book value per share (excluding treasury shares owned by subsidiaries of the Registrant) was ₱4.85 per share at the end of 2016 from ₱4.60 at year-end 2015 and ₱4.38 at year-end 2014.

(i) Any known trends or any known demands, commitments, events or uncertainties

The Registrant and its subsidiary and affiliates are now substantially debt-free, except for MUDC, which has loans and advances from its principal shareholders. The Registrant and its subsidiaries have more than enough cash resources to meet any expected requirements during the next twelve (12) months. Consolidated cash and cash equivalents totalled ₱954.6 million at year end 2016 compared to ₱965.6 million at year end 2015. Other than the normal fluctuations of the Philippine Peso to the U.S. Dollar, the Registrant is unaware of any trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in its liquidity increasing or decreasing in any material way. Likewise, the Registrant does not know of any trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the revenues or income from continuing operations.

(ii) Any events that will trigger direct or contingent financial obligation

There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

(iii) All material off-balance sheet transactions, arrangements, obligations

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

OPERATIONS AND FINANCIAL CONDITION FOR THE LAST THREE (3) FISCAL YEARS

The following is a detailed discussion of the Registrant's operations and financial condition for the past three (3) fiscal years.

Exhibit "2" shows the audited consolidated balance sheet as of December 31, 2016 and December 31, 2015 and audited consolidated income statements for the years 2016, 2015 and 2014. The accounts are discussed below in more detail.

OPERATING RESULTS

Revenues. In the year ended 31 December 2016, total consolidated revenues totalled ₱177.3 million compared to ₱183.5 million in 2015 and ₱117.9 million in 2014. The reasons for the change have been discussed in the revenue generation section earlier in this Report.

Expenses. Total consolidated operating expenses decreased to ₱33.2 million in 2016 from the ₱35.2 million in 2015 due to the reasons discussed earlier in this report.

Net Income Before Tax. As a result of the movement in revenues and expenses discussed in the preceding sections, net income before tax totalled ₱144.1 million in 2016 compared to ₱148.2 million in 2015 and ₱83.9 million in 2014.

Provision For Income Tax. In 2016, there was a provision for income tax of ₱7.6 million compared to ₱8.5 million in 2015 and ₱5.1 million in 2014.

Net Income After Tax. As a result of the provision for income tax discussed above, the Registrant had a consolidated net income after tax of ₱136.5 million in 2016, a 2% decrease from the net income after tax of ₱139.6 million in 2015. Net income after tax in 2014 was ₱78.8 million.

BALANCE SHEET ACCOUNTS

The following comparative financial analysis is based on audited consolidated balance sheets as of December 31, 2016 and December 31, 2015 shown in Exhibit "2". Exhibit "4" shows the vertical percentage analysis of balance sheet accounts as of December 31, 2016 and December 31, 2015. The movements in the various accounts are discussed below:

ASSETS

Current Assets. Total current assets at year-end 2016 totalled ₱1,149.5 million compared to ₱1,092.0 million at year-end 2015. Cash and cash equivalents decreased to ₱955.0 million at year end 2016 from ₱966.0 million at year end 2015. Financial assets at Fair Value through Profit or Loss (FVPL) totalled ₱83.0 million at year-end 2016 from ₱62.4 million at year-end 2015. Current portion of AFS Investments totaled ₱66.8 million at year-end 2016 from ₱4.9 million at year end 2015 due to impending maturity of bond holdings. Prepayments and other assets decreased to ₱15.5 million at year-end 2016 from ₱27.1 million at year-end 2015.

Non-Current Assets. Total non-current assets at year-end 2016 totalled ₱824.2 million versus ₱780.5 million at year-end 2015. Most of the increase was due to increase in investment in associates from ₱202.4 million at year end 2015 to ₱295.1 million at year end 2016 due to equity in net earnings of associates .

Total Assets. As a result of the movement in the accounts described above, total consolidated assets of the Registrant at year-end 2016 totalled ₱1,974.0 million compared to ₱1,872.4 million at year-end 2015.

LIABILITIES AND EQUITY

Current Liabilities. Current liabilities increased to ₱21.1 million at year-end 2016 from ₱15.6 million at year-end 2015 mainly due to increase in dividends payable and income tax payable.

Non-Current Liabilities. Non-current liabilities decreased to ₱14.0 million at year-end 2016 from ₱17.2 million at year-end 2015 due mainly to decrease in deferred income tax liability.

Stockholder's Equity. Total Stockholder's Equity Attributable to Equity Holders of the Registrant increased to ₱1,865.4 million at year-end 2016 from ₱1,766.9 million at year end 2015. This was due mainly to the net comprehensive income in 2016 attributable to equity holders of the Registrant of ₱175.4 million but reduced by dividends paid out during the year. Equity attributable to minority shareholders of MCHC totalled ₱73.2 million at year end 2016 compared to ₱72.8 million at year-end 2015 due to the share of minority shareholders of MCHC in the comprehensive net income of ₱4.5 million. As a result, total stockholders equity at year-end 2016 stood at ₱1,938.6 million compared to ₱1,839.7 million at year-end 2015.

(i) Any known trends or any known demands, commitments, events or uncertainties

The Registrant and its subsidiary and affiliates are now substantially debt-free, except for MUDC, which has loans and advances from its principal shareholders. The Registrant and its subsidiaries have more than enough cash resources to meet any expected requirements during the next twelve (12) months. Consolidated cash and cash equivalents totalled ₱954.6 million at year end 2016 compared to ₱965.6 million at year end 2015. Other than the normal fluctuations of the Philippine Peso to the U.S. Dollar, the Registrant is unaware of any trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in its liquidity increasing or decreasing in any material way. Likewise, the Registrant does not know of any trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the revenues or income from continuing operations.

(ii) Any events that will trigger direct or contingent financial obligation

There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

(iii) All material off-balance sheet transactions, arrangements, obligations

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

(iv) There are no material commitments for capital expenditures, by the Company or its majority owned subsidiary.

(v) There are no trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable impact on net revenues/income from continuing operations except for possible unrealized or realized foreign exchange gains from the dollar denominated investments of the Company and its majority owned subsidiary and possible unrealized gains from the listing of the shares of Aslan Pharmaceuticals Limited in the Taipei Exchange. These are generally recognized in the year-end Audited Financial Statements except for realized foreign exchange gain which are reported in the period realized.

(vi) The Company did not realize any non-operating income in the first quarter of 2017 or in the first quarter of 2016 aside from unrealized gains on trading securities and gains on disposal of AFS/HTM investments.

FIRST QUARTER 2017 REPORT

The following is a detailed discussion of the Registrant's operations and financial condition during the first quarter of 2017 and first quarter of 2016.

Operating Results

Breakdown of Revenue for the Three Month Periods Ending March 31, 2017 and March 31, 2016 with Vertical and Horizontal Percentage Analysis:

(P000)	FIRST QUARTER MARCH 31, 2017	VERTICAL PERCENTAGE ANALYSIS MARCH 31, 2017	FIRST QUARTER MARCH 31, 2016	VERTICAL PERCENTAGE ANALYSIS MARCH 31, 2016	INCREASE (DECREASE) AMOUNT MARCH 31, 2016	INCREASE (DECREASE) PERCENTAGE MARCH 31, 2016
INTEREST INCOME						
From Banks	₱ 2,900	13.7%	₱ 3,025	24.5%	₱ (125)	(4.17%)
From Securities	5,135	24.3%	5,325	43.1%	(190)	(3.6%)
TOTAL	**8,035**	**38%**	**8,350**	**67.6%**	**(315)**	**(3.8%)**
Dividend Income	63	0.3%	31	0.3%	32	103%
Rent Income	5,334	25.3%	3,385	27.4%	1,949	57.8%
Unrealized Gain on Trading Securities	4,739	22.4%	287	2.3%	4,452	1,551%
Gains on Disposal of AFS/HTM	2,362	11.2%	-	-	2,362	100%
Net Unrealized FX Gain	93	0.4%	222	1.8%	(129)	(58%)
Other Income	486	2.3%	85	0.6%	401	371%
TOTAL	**₱ 21,112**	**100%**	**₱ 12,362**	**100%**	**₱ 8,750**	**70.8%**

Revenues. Consolidated Revenues, during the 3 month period ended March 31, 2017, totaled ₱21.1 million compared to the ₱12.4 million during the same 3 month period in 2016 or an increase of 70.8%. The higher revenue was partly due to higher unrealized gain on trading securities which increased from ₱0.3 million in the First Quarter of 2016 to ₱4.6 million in the First Quarter of 2017. In addition, there was a gain on disposal of AFS/HTM investment in the First Quarter of 2017 of ₱2.4 million compared to nil gain in the First Quarter of 2016 and an increase in rental income of ₱1.9 million in the First Quarter of 2017 due to acquisition of additional income producing property.

Expenses. Consolidated General and Administrative Expenses in the first quarter of 2017 totaled ₱9.1 million which was higher than the ₱6.1 million in the first quarter of 2016. Higher taxes and licenses accounted for most of the decrease which was due to taxes paid related to acquisition of additional property for investment.

Operating Income. As a result of the factors discussed above, consolidated operating income in first quarter 2017 totaled ₱12.0 million compared to ₱6.2million net income in the same period of 2016.

Net Income. Net income totaled ₱12.0 million during the first quarter of 2017 compared to net income of ₱6.2 million in the first quarter of 2016. The net income in the first quarter of 2017 attributable to shareholders of the Company totaled ₱11.4 million while ₱599,542 in net income was attributable to minority shareholders in the company's majority owned subsidiary Magellan Capital Holdings Corporation. In the first quarter of 2016, ₱5.9 million net income was attributable to shareholders of the company and ₱325,800 attributable to minority shareholders in the Registrant's subsidiary.

BALANCE SHEET ACCOUNTS

ASSETS

Current Assets. Consolidated current assets as of March 31, 2017 totaled ₱1,058.3 million compared to ₱1,149.5 million as of December 31, 2016. Most of the decrease was due to decrease in cash and cash equivalents as cash was used to purchase additional investment property.

Receivables from Related Parties. This account was nil at March 31, 2017, the same level as at year-end 2016.

Investments in Associates. This account which consists of investment in Pointwest Technologies Corporation and BPO International, Inc. remained unchanged from year-end 2016 to March 31, 2017 at ₱295.2 million as equity in net earnings of associates are taken up at year-end.

Available for Sale Investments. This account which consists mostly of corporate bonds increased to ₱383.5 million as of March 31, 2017 from ₱335.1 million at year-end 2016.

Property And Equipment. This account totaled ₱10.08 million as of March 31, 2017 compared to ₱10.5 million as of December 31, 2016 due to allowance for depreciation.

Investment in Property. This Account increased to ₱235.4 million as of March 31, 2017 from ₱158.5 million at year end 2016 due to investment in income producing property.

Other Non-Current Assets. This account totaled ₱1.5 million as of March 31, 2017 from ₱24.9 at year-end 2016 as payment for investment property were reclassified to the investment property accounts.

Total Assets. As a result of the foregoing, total assets increased slightly to ₱1,983.9 million as of March 31, 2017 from ₱1,973.8 million as of December 31, 2016.

LIABILITIES AND EQUITY

Current Liabilities. Current liabilities was at ₱20.8 million as of March 31, 2017 compared to ₱21.1 million at year-end 2016 due to lower dividends payable.

Non-Current Liabilities. Non-current liabilities which consists mostly of retirement benefits obligation was stable at ₱14.0 million as of March 31, 2017, the same level as at year-end 2016. The accrual of additional retirement benefit obligation is taken up at year-end based on actuarial studies commissioned at that time.

Stockholder's Equity. Total stockholder's equity increased to ₱1,949.1 million as of March 31, 2017 from ₱1,938.6 million at year-end 2016 due to the comprehensive net income of ₱10.4 million generated in the first quarter of 2017. Total equity attributable to stockholders of the company totaled ₱1,875.2 million at March 31, 2017 from ₱1,865.4 million at December 31, 2016 due to the comprehensive net income of ₱9.9 million attributable to stockholders of the company. Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was ₱73.8 million at March 31, 2017 compared to ₱73.2 million at December 31, 2016 due to their share of comprehensive income generated in the first quarter of 2017 of ₱0.6 million.

INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

External Audit Fees and Services

a) *Audit and Audit- Related Fees for the Last Three Fiscal Years*

	2014	2015	2016
Registrant	₱ 221,500	₱ 232,500	₱ 281,050
MCHC	341,250	358,500	441,840
Subsidiaries of MCHC	41,009	45,930	40,225
MUDC	19,149	19,144	21,449

b) *Tax Fees*: None
c) *All Other Fees*: None
d) Audit Committee has approved the audit fees

Prior to the commencement of audit work, the external auditors, present their program and schedule to the company's Audit Committee. The company's audited financial statements for the year are presented by the external auditors to the Audit Committee for committee approval and endorsement to the full Board for final approval. Upon the recommendation of the Audit Committee, the Board approved the audit fees and nomination of SGV & Co as external auditor for the year 2016.

Financial Statements

The Statement of Management's Responsibility along with Audited Consolidated Financial Statements as of December 31, 2016 are shown in this report.

Changes in and Disagreements with Accountants on Accountings and Financial Disclosure

The Corporation has continuously engaged the services of SGV & Co. as the Corporation's External Auditor. There has been no change in and disagreements with SGV & Co., on its accounting and financial disclosure since their appointment in 1997.

Attendance of Accountants in the meeting

Representatives of the Corporation's External Auditor, SGV & Co., are expected to be present at the Annual Stockholders' Meeting on July 31, 2017. Said accountants will be given the opportunity to make a statement if they desire to do so and will be available to respond to relevant questions on the financial statements.

Dividends

Dividends of ₱0.20 per share were declared and paid in 2016. Dividends of ₱0.20 per share were paid in 2015.

Under the Registrant's By-laws, there are no restrictions in the declaration of dividends other than what is prescribed in the Corporation Code, namely that these shall be declared only from surplus profit and no stock dividend shall be issued without the approval of stockholders representing not less than two-thirds of all stock outstanding and entitled to vote at a general or special meeting called for the purpose. The amount of unrestricted retained earnings available for distribution as of December 31, 2016 was ₱289,994,116.00.

TOP 20 STOCKHOLDERS OF THE REGISTRANT

The top twenty (20) stockholders of the common equity of the Registrant as of **May 26, 2017** are as follows:

	NAME OF STOCKHOLDERS	NUMBER OF SHARES			PER-CENTAGE
		CLASS A	CLASS B	TOTAL	
1	Essential Holdings Limited	-	139,778,670	139,778,670	29.01%
2	PCD Nominee Corporation	74,741,590	-	74,741,590	15.51%
3	Pinamucan Industrial Estates, Inc.	12,054,426	37,754,679	49,809,105	10.33%
4	Magellan Capital Holdings Corporation	47,844,022	-	47,844,022	9.96%
5	Consolidated Tobacco Industries of the Phils., Inc.	43,052,023	-	43,052,023	8.93%
6	Vructi Holdings Corporation	34,643,628	-	34,643,628	7.19%
7	Center Industrial and Investment, Inc.	23,991,000	-	23,991,000	4.98%
8	Robert Y. Cokeng	15,713,072	-	15,713,072	3.26%
9	Johnson Tan Gui Yee	15,371,747	-	15,371,747	3.19%
10	Victorian Development Corporation	12,085,427	-	12,085,427	2.51%
11	PCD Nominee Corporation (F)	-	10,828,581	10,808,581	2.25%
12	Brixton Investment Corporation	2,815,000	-	2,815,000	0.58%
13	Francisco Y. Cokeng, Jr.	2,160,000	-	2,160,000	0.45%
14	Johnson U. Co	1,100,000	-	1,100,000	0.23%
15	Homer U. Cokeng, Jr.	1,020,000	80,000	1,100,000	0.23%
16	Betty C. Dy	1,100,000	-	1,100,000	0.23%
17	Rosalinda C. Tang	1,080,000	-	1,080,000	0.22%
18	Metro Agro Industrial Supply Corporation	523,833	270,144	793,977	0.16%
19	Criscini Reyes	400,000	-	400,000	0.08%
20	Robert Y. Ynson	251,378	74,289	325,667	0.07%

Percentage based on the Total Issued and Outstanding Shares of 481,827,653.

Recent sales of unregistered or exempt securities, including recent issuance of securities constituting an exempt transaction

The Registrant has not sold any securities within the past three (3) years, which were not registered under the Securities Regulation Code, including sales of reacquired, as well as new issues, securities issued in exchange for property, services, or other securities and new securities resulting from the modification of outstanding securities.

Warrants

There are no warrants or options outstanding as of the end of December, 2016 and up to the present.

DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

In Compliance with SEC Memorandum Circular No. 2, dated April 05, 2002, the Company submitted its Manual on Corporate Governance on August 29, 2002 as approved by its Board of Directors in a meeting held on August 14, 2002, which basically adopted the SEC's Model Manual. Since the Manual's effectivity on January 01, 2003, the Company's Board of Directors and Management has been complying with the principles laid down by the Code of Corporate Governance through the mechanisms which have been institutionalized in the Manual and so far as may be relevant and appropriate to the Company's business as a holding company.

The Company continues to adopt measures to ensure compliance with the leading practices on good corporate governance through, among others, the nomination and election of two independent directors, the constitution of the different committees required by the Code such as the Nominations Committee, the Audit Committee, the Compensation and Remuneration Committee, all of which have been performing their functions as laid down in the Manual.

During a meeting held on March 29, 2004 the company's Board of Directors approved the adoption as part of the Manual, Sec. 4.2 of the PSE's Revised Disclosure Rules, which is in consonance with Chapter VII of the Securities Regulation Code.

Since its effective date, there has been no deviation from the Company's Manual of Corporate Governance. No member of the Company's Board of Directors or its officers and personnel has done or caused to be done any act in violation of the principles laid down in the said Manual.

The Company continues to adhere to the principles and policies of its Manual with the view to continually improve the company's corporate governance.

On February 11, 2008, the Board of Directors of the Company attended and completed the Seminar on Corporate Governance given by the UP Law Center, as required by the Rules. The company continues to comply with the appropriate performance self-rating assessment and performance evaluation system in compliance with pertinent SEC regulations.

On February 22, 2011, the Company submitted its Revised Manual on Corporate Governance pursuant to SEC Memorandum Circular No. 6, Series of 2009.

In compliance with pertinent Rules, the Corporate Secretary of the Company attended various seminars on the Corporate Governance – the Asean Scorecard Information Briefing held on various dates, the last one being held last March 26, 2013 at the Institute of Corporate Directors.

On May 30, 2013, the Company submitted its Annual Corporate Governance Report pursuant to SEC Circular No. 5, Series of 2013.

On October 20, 2014, the Company's President and Corporate Secretary attended the SEC-PSE Corporate Governance Forum at the Makati Shangri-la Hotel.

On April 23, 2015, the Company's representatives attended the SEC Corporate Governance Workshop on the Asean Corporation Governance Scorecard at the Crowne Plaza Manila in Ortigas.

On December 9, 2015, the members of the Board of Directors and the Corporate Secretary attended the Advance Corporate Governance Seminar held at the New World Hotel, Esperanza Street corner Makati Avenue, Ayala Center, Makati City.

On April 22, 2016, The Company's Corporate Secretary attended the Business Integrity Workshop of the Institute of Corporate Directors on "Compliance with US FCPA and the UK Bribery Act" at the Makati Diamond Residences.

On August 25, 2016 and December 8, 2016, the members of the Board of Directors attended the Corporate Governance Seminar held at the New World Hotel, Esperanza Street corner Makati Avenue, Ayala Center, Makati City

On November 22, 2016, other members of the Board of Directors and the Corporate Secretary attended the SEC-PSE Corporate Governance Forum at the 3rd Floor, Meeting Room I, PICC Complex, Pasay City.

Evaluation System

The Company continues to adhere to the principles and policies of its Manual with the view to continually improve the company's corporate governance. It has adopted as a guideline the SEC's Corporate Governance Self-Rating Form (CG-SRF) in order to determine the Company's compliance with the leading practices on Corporate Governance.

Plan to Improve

The Company continues to take efforts to be abreast with development and trends on Corporate Governance as the same may emerge.

BOARD OF DIRECTORS AND MANAGEMENT

DIRECTORS

Robert Y. Cokeng
Chairman

Francisco Y. Cokeng, Jr.
Vice-Chairman

Emeterio L. Barcelon, S.J.

Francis L. Chua

Johnson U. Co

Johnny O. Cobankiat

Mark Ryan K. Cokeng

Mary K. Cokeng

Johnson Tan Gui Yee

Rufino B. Tiangco

Robert Y. Ynson

MANAGEMENT

ROBERT Y. COKENG
Chairman of the Board

ROBERT Y. COKENG
President

EMETERIO L. BARCELON, S.J.
Senior Vice-President

JOHNSON U. CO
Vice-President for Administration

MARK RYAN K. COKENG
Treasurer and
Chief Financial Officer

ATTY. FINA BERNADETTE D.C. TANTUICO
Corporate Secretary

DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

DIRECTORS AND EXECUTIVE OFFICERS

The following are the directors and executive officers of the Registrant, with the past and present positions held by them in the Registrant's subsidiaries and other companies for the past five (5) years:

ROBERT Y. COKENG, 65 years old, Filipino citizen.
Chairman, President & Chief Executive Officer

Re-elected on 28 July 2016 for a one-year term. Director and Officer since 1996.

President & Chief Executive Officer, Magellan Capital Holdings Corporation, Magellan Utilities Development Corporation, Pinamucan Power Corporation, Malabrigo Corporation, Consolidated Tobacco Industries of the Philippines, Inc. and Center Industrial and Investment, Inc.; *Independent Director*, Cosco Capital, Inc. (PSE listed company); Chairman, Pinamucan Industrial Estates, Inc.; *Managing Director*, Essential Holdings Ltd.; *Chairman*, Pointwest Technologies Corporation and Pointwest Innovations Corporation*; Director and Chairman of the Executive Committee*, Business Process Outsourcing International, Inc.; *Chairman*, Ipads Developers, Inc.

FRANCISCO Y. COKENG, JR., 63 years old, Filipino citizen.
Vice-Chairman and Director

Re-elected on 28 July 2016 to a one-year term. Director since 1996.
Also director from 1980-1991.

Director, Consolidated Tobacco Industries of the Philippines, Inc., Magellan Capital Holdings Corporation; *Chairman*, Sunflare Horizon International, Inc.

EMETERIO L. BARCELON, S.J., 89 years old, Filipino citizen.
Senior Vice-President and Director

Re-elected on 28 July 2016 for a one-year term. Director since 1980.

Former Director, Oriental Petroleum and Minerals Corporation; *Former President,* Ateneo de Davao; *Vice-President*, Xavier University; *Former Professor*, Asian Institute of Management; *Columnist*, Manila Bulletin; *Director*, Magellan Capital Holdings Corporation.

JOHNSON U. CO, 64 years old, Filipino citizen.
Vice-President for Administration and Director

Re-elected on 28 July 2016 for a one-year term. Director and Treasurer since 1996.

President, Pinamucan Industrial Estates, Inc., Sunflare Horizon International, Inc.; *Vice-President for Administration and Director*, Magellan Capital Holdings Corporation; *Treasurer*, Magellan Utilities Development Corporation and Malabrigo Corporation; *Director*, Pinamucan Power Corporation; *Vice Chairman*, Consolidated Tobacco Industries of the Philippines, Inc.

MARK RYAN K. COKENG, 31 years old, Filipino citizen.
Treasurer and Director

Re-elected on 28 July 2016 to a one-year term.

Treasurer and Director, Magellan Capital Holdings Corporation; *Director and Treasurer*, Magellan Capital Corporation; *Director*, IPADS Developers, Inc.; *Director*, Pointwest Technologies Corporation, *Director*, Pointwest Innovations Corporation, *Director and Treasurer,* Business Process Outsourcing International, Inc. Bachelor of Arts in Economics and Statistics, Boston University.

MARY K. COKENG, 64 years old, Filipino citizen.
Director

Re-elected on 28 July 2016 to a one-year term. Director since 2008.

Director, Essential Holdings, Limited, *Director*, Magellan Capital Holdings Corporation.

JOHNNY O. COBANKIAT, 65 years old, Filipino citizen.
Director

Re-elected on 28 July 2016 to a one-year term. Director since 2008.

President, Ace Hardware Phils., Cobankiat Hardware, Inc. and Milwaukee Builders Center, Inc.; *Executive Vice President*, Hardware Workshop; *Vice Chairman*, R. Nubla Securities; *Director*, Shang Properties, Inc. (PSE-listed Company).

FRANCIS LEE CHUA, 65 years old, Filipino citizen.
Director

Re-elected 28 July on 2016 for a one-year term. Director since 2001.

General Manager, Sunny Multi Products and Land Management Inc., Midori Carpet; *Corporate Secretary*, Sunflare Horizon International, Inc.

JOHNSON TAN GUI YEE, 70 years old, Filipino citizen.
Director

Re-elected on 28 July 2016 to a one-year term. Director since 1997.

Chairman, Armak Tape Corporation; *President & Chief Executive Officer*, Armak Holdings and Development, Inc.; *President*, Yarnton Traders Corporation; *Director*, Magellan Capital Holdings Corporation.

RUFINO B. TIANGCO, 67 years old, Filipino citizen.
Director

Re-elected on 28 July 2016 to a one-year term. Director since 1997.

Chairman of the Board, R.A.V. Fishing Corporation, Marala Vitas Central Terminal & Shipyard Corp.; *President*, Vructi Holdings Corporation; Trufsons Holdings Corporation, Ruvict Holdings Corporation; *Director*, Magellan Capital Holdings Corporation and Magellan Utilities Development Corporation.

ROBERT Y. YNSON, 69 years old, Filipino citizen.
Director

Re-elected on 28 July 2016 to a one-year term. Director since 1997.

President, Phesco, Incorporated, *Director,* Super Industrial Corporation.

FINA BERNADETTE D.C. TANTUICO, 55 years old, Filipino citizen.
Corporate Secretary

Re-elected on 28 July 2016 to a one-year term.

Legal Counsel and Corporate Secretary, F & J Prince Holdings Corporation and its subsidiaries and affiliates (2002 up to the present); Magellan Capital Holdings Corporation and its subsidiaries, Magellan Utilities Development Corporation, Pointwest Technologies Corporation, Pointwest Innovations Corporation, Pinamucan Industrial Estates Inc; *Corporate Secretary*, Philippine Telegraph & Telephone Co. (PT&T), Capitol Wireless Inc. (Capwire), Philippine Wireless Inc. (Pocketbell), Republic Telecommunications Company (Retelcom), U.P. Law Alumni Foundation Inc. (UPLAF), *Former Assistant Vice-President and Corporate Secretary,* United Overseas Bank Philippines (2000-2001). Currently *President* of the Philippine Bar Association.

Term of Office. The directors of the Registrant were elected during the annual stockholders' meeting held on 28 July 2015. The directors have a one (1) year term of office.

The Independent Directors. The independent directors of the Registrant are Robert Y. Ynson and Francis L. Chua.

(2) <u>SIGNIFICANT EMPLOYEES</u>

There are no other persons other than the Registrant's executive officers who are expected to make a significant contribution to its business.

(3) <u>FAMILY RELATIONSHIPS</u>

Messrs. Robert Y. Cokeng and Francisco Y. Cokeng, Jr. are brothers. They are first cousins of Johnson U. Co. Mary K. Cokeng is the spouse of Robert Y. Cokeng. Mark Ryan K. Cokeng is the son of Robert and Mary Cokeng.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **F& J Prince Holdings Corporation and its subsidiaries** is responsible for the preparation and fair presentation of the financial statements including the statements attached therein, for the years ended December 31, 2016 and 2015, in accordance with the prescribed financial reporting framework indicated therein and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors or Trustees is responsible for overseeing the Company's financial reporting process.

The Board of Directors or Trustees reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip, Gorres, Velayo and Company, the independent auditors appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:

Robert Y. Cokeng
President/ CEO/ Chairman

Mark Ryan K. Cokeng
Treasurer/Chief Financial Officer

SUBSCRIBED AND SWORN to before me this APR 12 2017 day of ________,2017, affiants exhibiting to me their Community Tax Certificates, as follows:

Names	Community Tax Cert. No.	Date of Issue	Place of Issue
Robert Y. Cokeng	25032098	18 January, 2017	Makati City
Mark Ryan K. Cokeng	25032097	18 January, 2017	Makati City

NOTARY PUBLIC

ATTY. LUCIA V. OLIVEROS
NOTARY PUBLIC/UNTIL DEC. 31, 2017
IBP NO: 1056859 / JAN.-4-2017
PTR NO: 5995360 / JAN.-3-2017
ROLL NO: 41287
MCLE NO: V-0017455 / 4-4-2016
COMMISSION NO.: 2016-143

Doc.No. 314;
Page No. 63;
Book No. XIX;
Series of 2017

F & J Prince Holdings Corporation

Audited Financial Statements as of December 31, 2016

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	4	3	3	7	0	

C O M P A N Y   N A M E

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

5TH FLOOR, CITIBANK CENTER 8741 PASEO DE ROXAS, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS	CFD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
fjphco@gmail.com	892-7133 / 892-7137	NONE

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
483	July 28	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Fina C. Tantuico	fct.law@gmail.com	633-2107	09178920786

CONTACT PERSON's ADDRESS

5th Floor Citibank Center, 8741 Paseo de Roxas, Makati City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
F & J Prince Holdings Corporation and Subsidiaries
5th Floor, Citibank Center Building
8741 Paseo de Roxas corner Villar Street
Salcedo Village, Makati City

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of F & J Prince Holdings Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounting for Investments in Associates

The Group owns 35% and 30% in Business Process Outsourcing International (BPO) and Pointwest Technologies Corporation (PTC), respectively. These investments in associates are accounted for under the equity method, and are reviewed if there are indicators of impairment. The accounting for these investments is significant to our audit because of the substantial amount of the Group's investment in and equity in net earnings of associates. As of December 31, 2016, the investments in associates amounted to ₱295.1 million, and the Group's equity in net earnings of associates for the year then ended amounted to ₱72.9 million. Refer to Note 8 for the discussion on the Investments in Associates.

Audit Response

We obtained an understanding of the Group's process in recognizing the equity in net earnings of its associates, including the understanding of the associates' business transactions. We recalculated the Group's equity in net earnings of associates based on the associates' audited financial statements. In addition, our audit procedures included, among others, coordinating and instructing the statutory auditors of the associates to perform an audit on the relevant financial information of BPO and PTC for the purpose of the Group's consolidated financial statements. During the year, we discussed the risk assessment, audit strategy of the statutory auditors, as well as any significant developments in the associates. We further evaluated management's considerations regarding the impairment indicators of the investments in associates by reviewing the associates' results of operations as well as the associates' ability to declare dividends.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jhoanna Feliza C. Go.

SYCIP GORRES VELAYO & CO.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
SEC Accreditation No. 1414-AR-1 (Group A),
March 2, 2017, valid until March 1, 2020
Tax Identification No. 219-674-288
BIR Accreditation No. 08-001998-103-2017,
January 31, 2017, valid until January 30, 2020
PTR No. 5908703, January 3, 2017, Makati City

April 11, 2017

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱954,570,050**	₱965,633,140
Financial assets at fair value through profit or loss (FVPL) [Note 6]	**83,025,754**	62,352,318
Receivables (Note 7)	**8,216,827**	8,397,430
Due from related parties (Note 18)	**21,444,995**	23,513,795
Current portion of available for sale (AFS) financial assets (Note 9)	**66,753,263**	4,902,099
Prepayments and other current assets	**15,529,159**	27,097,708
Total Current Assets	**1,149,540,048**	1,091,896,490
Noncurrent Assets		
AFS financial assets - net of current portion (Note 9)	**335,121,729**	401,236,077
Investments in associates (Note 8)	**295,148,551**	202,417,747
Property and equipment (Note 11)	**10,467,538**	12,027,977
Investment properties (Note 12)	**158,547,912**	132,430,015
Other noncurrent assets (Note 13)	**24,927,486**	32,426,972
Total Noncurrent Assets	**824,213,216**	780,538,788
TOTAL ASSETS	**₱1,973,753,264**	₱1,872,435,278
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 14)	**₱4,683,468**	₱3,955,401
Dividends payable (Note 17)	**6,006,566**	3,418,416
Income tax payable	**5,402,348**	3,191,511
Provision for legal obligation (Note 21)	**5,000,000**	5,000,000
Total Current Liabilities	**21,092,382**	15,565,328
Noncurrent Liability		
Retirement benefit obligation (Note 15)	**11,305,731**	10,918,293
Deferred income tax liability (Note 16)	**2,736,531**	6,296,804
Total Noncurrent Liabilities	**14,042,262**	17,215,097
Total Liabilities	**35,134,644**	32,780,425
Equity		
Common stock (Note 17)	**481,827,653**	481,827,653
Additional paid-in capital	**144,759,977**	144,759,977
Treasury shares (Note 17)	**(99,669,477)**	(99,669,477)
Net unrealized valuation gains on AFS financial assets (Note 9)	**18,686,502**	19,321,108
Actuarial losses on retirement benefit obligation (Note 15)	**(1,152,586)**	(2,412,162)
Accumulated share in other comprehensive income of associates (Note 8)	**24,861,485**	(15,961,151)
Retained earnings (Note 17)	**1,296,094,095**	1,238,994,327
Equity Attributable to Equity Holders of the Parent Company	**1,865,407,649**	1,766,860,275
Noncontrolling Interests	**73,210,971**	72,794,578
Total Equity	**1,938,618,620**	1,839,654,853
TOTAL LIABILITIES AND EQUITY	**₱1,973,753,264**	₱1,872,435,278

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2016	2015	2014
REVENUES AND INCOME			
Equity in net earnings of associates (Note 8)	**₱72,929,014**	₱105,413,232	₱72,551,106
Interest income (Notes 5, 9 and 10)	**40,141,896**	39,171,045	37,719,971
Net foreign exchange gains	**32,814,059**	22,825,228	–
Rent income (Notes 12 and 21)	**14,028,672**	12,796,615	4,505,021
Fair value gains on financial assets at FVPL (Note 6)	**9,980,598**	–	–
Gains on disposal of:			
AFS financial assets (Note 9)	**4,292,090**	908,071	–
Financial assets at FVPL (Note 6)	**1,087,050**	617,848	–
HTM investments (Note 10)	**–**	–	235,949
Dividend income (Notes 6 and 9)	**1,906,263**	1,538,110	2,290,430
Others	**88,257**	180,027	564,518
	177,267,899	183,450,176	117,866,995
EXPENSES			
Personnel expenses:			
Salaries and wages	**10,301,024**	9,790,664	9,819,912
Retirement benefits (Note 15)	**1,269,716**	1,157,197	1,103,105
Other employee benefits	**2,112,027**	1,776,010	1,807,045
Depreciation (Notes 11 and 12)	**6,088,819**	6,108,081	3,549,572
Professional fees	**2,999,718**	2,886,197	2,976,152
Impairment losses on:			
Receivables and due from related parties (Notes 7 and 18)	**2,561,277**	–	–
AFS financial assets recognized in profit or loss (Note 9)	**–**	2,127,676	–
Condominium dues	**2,047,261**	1,788,619	2,241,724
Taxes and licenses	**1,854,803**	663,274	681,952
Utilities	**1,037,873**	397,636	454,720
Entertainment, amusement and recreation	**548,628**	603,277	597,417
Bank charges	**500,059**	557,812	291,315
Fair value losses on financial assets at FVPL (Note 6)	**–**	5,996,071	5,534,800
Loss on bank foreclosure (Note 7)	**–**	407,475	–
Net foreign exchange loss	**–**	–	2,837,688
Loss on disposal of AFS financial assets (Note 9)	**–**	–	1,110,399
Others	**1,852,763**	1,012,557	990,414
	33,173,968	35,272,546	33,996,215
INCOME BEFORE INCOME TAX	**144,093,931**	148,177,630	83,870,780
PROVISION FOR INCOME TAX (Note 16)			
Current	**10,200,945**	6,904,318	5,116,409
Deferred	**(2,629,581)**	1,632,010	–
	7,571,364	8,536,328	5,116,409
NET INCOME	**₱136,522,567**	₱139,641,302	₱78,754,371
NET INCOME ATTRIBUTABLE TO			
Equity holders of the parent	**₱133,940,563**	₱138,463,644	₱77,290,274
Noncontrolling interests	**2,582,004**	1,177,658	1,464,097
	₱136,522,567	₱139,641,302	₱78,754,371
Basic/Diluted Earnings Per Share for Net Income Attributable to Equity Holders of the Parent Company (Note 19)	**₱0.35**	₱0.36	₱0.20

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2016	2015	2014
NET INCOME	**₱136,522,567**	₱139,641,302	₱78,754,371
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified to profit or loss:			
Net unrealized valuation gains on AFS financial assets, net of tax effect (Notes 9 and 16)	**1,223,233**	8,963,303	29,980,275
Share in other comprehensive income (loss) of associates (Note 8)	**12,002,164**	8,625,647	(3,521,154)
Items that will not be reclassified to profit or loss:			
Actuarial gains (losses) on retirement benefit obligation, net of tax effect (Notes 15 and 16)	**1,323,799**	(39,704)	(433,821)
Share in other comprehensive income (loss) of associates (Note 8)	**28,820,472**	2,123,043	(10,017,146)
	43,369,668	19,672,289	16,008,154
TOTAL COMPREHENSIVE INCOME	**₱179,892,235**	₱159,313,591	₱94,762,525
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	**₱175,388,169**	₱155,907,586	₱91,759,075
Noncontrolling interests	**4,504,066**	3,406,005	3,003,450
	₱179,892,235	₱159,313,591	₱94,762,525

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	Attributable to Equity Holders of the Parent Company									
	Common Stock (Note 17)	Additional Paid-in Capital	Treasury Shares (Note 17)	Net Unrealized Valuation Gains (Losses) on AFS Financial Assets (Notes 9)	Actuarial Losses on Retirement Benefit Obligation (Note 15)	Share in Other Comprehensive Income of Associates (Note 8)	Retained Earnings (Note 17)	Total	Noncontrolling Interests	Total Equity
Balances at January 1, 2014	₱481,827,653	₱144,759,977	(₱98,942,697)	(₱15,891,249)	(₱1,902,158)	(₱13,171,541)	₱1,177,181,819	₱1,673,861,804	₱70,783,243	₱1,744,645,047
Net income for the year	–	–	–	–	–	–	77,290,274	77,290,274	1,464,097	78,754,371
Other comprehensive income										
Net unrealized valuation gains on changes in fair value of AFS financial assets (Note 9)	–	–	–	28,481,261	–	–	–	28,481,261	1,499,014	29,980,275
Actuarial loss on retirement benefit obligation (Note 15)	–	–	–	–	(474,160)	–	–	(474,160)	40,339	(433,821)
Share in other comprehensive income of associates (Note 8)	–	–	–	–	–	(13,538,300)	–	(13,538,300)	–	(13,538,300)
Total comprehensive income for the year	–	–	–	28,481,261	(474,160)	(13,538,300)	77,290,274	91,759,075	3,003,450	94,762,525
Dividends declared - ₱0.20 per share (Note 17)	–	–	–	–	–	–	(76,945,152)	(76,945,152)	–	(76,945,152)
Dividends declared by the subsidiary to noncontrolling interests	–	–	–	–	–	–	–	–	(4,398,120)	(4,398,120)
Balances at December 31, 2014	₱481,827,653	₱144,759,977	(₱98,942,697)	₱12,590,012	(₱2,376,318)	(₱26,709,841)	₱1,177,526,941	₱1,688,675,727	₱69,388,573	₱1,758,064,300

(Forward)

	Attributable to Equity Holders of the Parent Company									
	Common Stock (Note 17)	Additional Paid-in Capital	Treasury Shares (Note 17)	Net Unrealized Valuation Gains on AFS Financial Assets (Note 9)	Actuarial Losses on Retirement Benefit Obligation (Note 15)	Share in Other Comprehensive Income of Associates (Note 8)	Retained Earnings (Note 17)	Total	Noncontrolling Interests	Total Equity
Balances at January 1, 2015	₱481,827,653	₱144,759,977	(₱98,942,697)	₱12,590,012	(₱2,376,318)	(₱26,709,841)	₱1,177,526,941	₱1,688,675,727	₱69,388,573	₱1,758,064,300
Net income for the year	–	–	–	–	–	–	138,463,644	138,463,644	1,177,658	139,641,302
Other comprehensive income										
Net unrealized valuation gains on changes in fair value of AFS financial assets (Note 9)	–	–	–	6,731,096	–	–	–	6,731,096	2,232,207	8,963,303
Actuarial loss on retirement benefit obligation (Note 15)	–	–	–	–	(35,844)	–	–	(35,844)	(3,860)	(39,704)
Share in other comprehensive income of associates (Note 8)	–	–	–	–	–	10,748,690	–	10,748,690	–	10,748,690
Total comprehensive income for the year	–	–	–	6,731,096	(35,844)	10,748,690	138,463,644	155,907,586	3,406,005	159,313,591
Dividends declared - ₱0.20 per share (Note 17)	–	–	–	–	–	–	(76,996,258)	(76,996,258)	–	(76,996,258)
Acquisition of treasury shares (Note 17)	–	–	(726,780)	–	–	–	–	(726,780)	–	(726,780)
Balances at December 31, 2015	₱481,827,653	₱144,759,977	(₱99,669,477)	₱19,321,108	(₱2,412,162)	(₱15,961,151)	₱1,238,994,327	₱1,766,860,275	₱72,794,578	₱1,839,654,853

(Forward)

	Attributable to Equity Holders of the Parent Company									
	Common Stock (Note 17)	**Additional Paid-in Capital**	**Treasury Shares** (Note 17)	**Net Unrealized Valuation Gains on AFS Financial Assets** (Note 9)	**Actuarial Losses on Retirement Benefit Obligation** (Note 15)	**Share in Other Comprehensive Income of Associates** (Note 8)	**Retained Earnings** (Note 17)	**Total**	**Noncontrolling Interests**	**Total Equity**
Balances at January 1, 2016	**₱481,827,653**	**₱144,759,977**	**(₱99,669,477)**	**₱19,321,108**	**(₱2,412,162)**	**(₱15,961,151)**	**₱1,238,994,327**	**₱1,766,860,275**	**₱72,794,578**	**₱1,839,654,853**
Net income for the year	–	–	–	–	–	–	**133,940,563**	**133,940,563**	**2,582,004**	**136,522,567**
Other comprehensive income										
Net unrealized valuation gains on changes in fair value of AFS financial assets (Note 9)	–	–	–	**(634,606)**	–	–	–	**(634,606)**	**1,857,839**	**1,223,233**
Actuarial gain on retirement benefit obligation (Note 15)	–	–	–	–	**1,259,576**	–	–	**1,259,576**	**64,223**	**1,323,799**
Share in other comprehensive income of associates (Note 8)	–	–	–	–	–	**40,822,636**	–	**40,822,636**		**40,822,636**
Total comprehensive income for the year	–	–	–	**(634,606)**	**1,259,576**	**40,822,636**	**133,940,563**	**175,388,169**	**4,504,066**	**179,892,235**
Dividends declared - ₱0.20 per share (Note 17)	–	–	–	–	–	–	**(76,840,795)**	**(76,840,795)**	–	**(76,840,795)**
Dividends declared by the subsidiary to noncontrolling interests	–	–	–	–	–	–	–	–	**(4,087,673)**	**(4,087,673)**
Balances at December 31, 2016	**₱481,827,653**	**₱144,759,977**	**(₱99,669,477)**	**₱18,686,502**	**(₱1,152,586)**	**₱24,861,485**	**₱1,296,094,095**	**₱1,865,407,649**	**₱73,210,971**	**₱1,938,618,620**

See accompanying Notes to Consolidated Financial Statements

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱144,093,931**	₱148,177,630	₱83,870,780
Adjustments for:			
Equity in net earnings of associates (Note 8)	**(72,929,014)**	(105,413,232)	(72,551,106)
Interest income (Notes 5, 9 and 10)	**(40,141,896)**	(39,171,045)	(37,719,971)
Net unrealized foreign exchange gains	**(28,279,422)**	(23,362,015)	(1,870,226)
Fair value losses (gains) on financial assets at FVPL (Note 6)	**(9,980,598)**	5,996,071	5,534,800
Losses (gains) on disposal of:			
AFS financial assets (Note 9)	**(4,292,090)**	(908,071)	1,110,399
Financial assets at FVPL (Note 6)	**(1,087,050)**	(617,848)	–
HTM investments (Note 10)	**–**	–	(235,949)
Dividend income (Notes 6 and 9)	**(1,906,263)**	(1,538,110)	(2,290,430)
Depreciation (Notes 11 and 12)	**6,088,819**	6,108,081	3,549,572
Impairment losses on:		2,127,676	–
Receivables and due from related parties (Notes 7 and 18)	**2,561,277**	–	–
AFS financial assets (Note 9)	**–**	2,127,676	–
Loss on bank foreclosure (Note 7)	**–**	407,475	–
Operating losses before working capital changes	**(5,872,306)**	(8,193,388)	(20,602,131)
Decrease (increase) in:			
Receivables	**225,944**	(348,908)	837,680
Due from related parties	**(558,563)**	(36,237)	(21,250)
Prepayments and other current assets	**11,568,549**	(10,454,054)	(8,006,752)
Increase (decrease) in:			
Accounts payable and accrued expenses	**728,067**	(1,965,051)	425,372
Retirement benefit obligation (Note 15)	**1,269,716**	1,157,197	1,103,105
Proceeds from disposal of:			
Financial assets at FVPL (Note 6)	**4,703,538**	2,497,848	–
AFS financial assets (Note 9)	**91,635,132**	65,265,170	55,736,008
HTM investments	**–**	–	17,992,000
Additions to:			
Financial assets at FVPL (Note 6)	**(14,309,326)**	(4,623,460)	(8,831,978)
AFS financial assets (Note 9)	**(70,379,312)**	(84,646,959)	(67,457,497)
Net cash from (used) in operations	**19,011,439**	(41,347,842)	(28,825,443)
Dividends received	**23,005,186**	102,299,153	60,915,292
Interest received	**41,152,604**	35,856,108	40,819,972
Income taxes paid	**(7,990,108)**	(5,866,059)	(8,500,365)
Net cash flows from operating activities	**75,179,121**	90,941,360	64,409,456
CASH FLOWS USED IN INVESTING ACTIVITIES			
Increase in other noncurrent assets (Note 25)	**(23,075,362)**	(6,370,629)	(735,479)
Additions to:			
Property and equipment (Note 11)	**(71,429)**	(12,588)	(643,190)
Investments in associates (Note 8)	**–**	(5,625,000)	(1,875,000)
Investment properties (Notes 12 and 25)	**–**	(4,790,340)	(60,038,929)
Net cash flows used in investing activities	**(23,146,791)**	(16,798,557)	(63,292,598)

(Forward)

	Years Ended December 31		
	2016	2015	2014
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividends paid (Note 17)	**(₱74,252,645)**	(₱76,102,364)	(₱76,029,118)
Dividends to noncontrolling interest	**(4,087,673)**	–	(4,398,120)
Acquisition of treasury shares (Note 17)	**–**	(726,780)	–
Cash flows used in financing activities	**(78,340,318)**	(76,829,144)	(80,427,238)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**15,244,898**	21,477,724	1,377,694
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(11,063,090)**	18,791,383	(77,932,686)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**965,633,140**	946,841,757	1,024,774,443
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱954,570,050**	₱965,633,140	₱946,841,757

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

F & J Prince Holdings Corporation (the Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on February 18, 1971. Its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including, but not limited to, land, building, condominium units, shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities, contracts or obligations of any corporation and associations, domestic or foreign. The Parent Company's shares of stock are listed in and traded through the Philippine Stock Exchange (PSE). The principal activities of its subsidiaries are described in Note 2.

The registered office address of the Parent Company is 5th Floor, Citibank Center Building, 8741 Paseo de Roxas corner Villar Street, Salcedo Village, Makati City.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively referred to as the "Group") as of December 31, 2016, 2015 and 2014 and for each of the three years in the period ended December 31, 2016 were authorized for issue by the Board of Directors (BOD) on April 11, 2017.

2. Basis of Preparation, Statement of Compliance and Basis of Consolidation

Basis of Preparation
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

The consolidated financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss (FVPL) and certain available for sale (AFS) financial assets that have been measured at fair value (see Notes 6 and 9). The consolidated financial statements are presented in Philippine peso (₱), which is the Group's functional currency, and rounded off to the nearest peso, except when otherwise indicated.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2016 and 2015. Control is achieved when the Group has power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee), is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, noncontrolling interest and other components while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Transactions involving noncontrolling interest in a subsidiary without a change of control are accounted for as equity transactions. Any excess or deficit of consideration paid over the carrying amount of noncontrolling interest acquired is recognized in equity of the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intercompany balances and transactions, including intercompany profits and losses, are eliminated.

Details on the subsidiaries as of December 31, 2016 and 2015 are as follows:

	Country of Incorporation	Percentage of Ownership
Magellan Capital Holdings Corporation (MCHC)*	Philippines	94.37%
Pinamucan Industrial Estates, Inc. (PIEI)	Philippines	100%
Malabrigo Corporation (MC)	Philippines	100%
Magellan Capital Realty Development Corporation (MCRDC)**	Philippines	100%
Magellan Capital Trading Corporation (MCTC)**	Philippines	100%

**Intermediate Parent Company*
***Nonoperational since incorporation.*

MCHC
MCHC is a holding company involved in investing real and personal properties of every kind, including, but not limited to, land, buildings, condominium units, shares of stock, bonds, and other securities of any corporation or association, domestic or foreign. MCHC was registered with SEC on November 6, 1990. MCHC has investments in subsidiaries mainly PIEI, MC, MCRDC and MCTC.

PIEI
PIEI was organized primarily as a real estate developer and was registered with the SEC on May 5, 1993.

MC
MC was organized primarily to purchase, operate, maintain and sell coal mines and their products and by-products. MC was registered with the SEC on August 31, 1993.

MCRDC
MCRDC was organized to purchase, subscribe for, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities, contracts and obligations of any

corporation or corporations, domestic or foreign. MCRDC was registered with the SEC on November 14, 1990 and has been nonoperational since incorporation.

MCTC
MCTC was organized to conduct and carry on the business of buying, selling, distributing and marketing at wholesale and retail all kinds of goods, commodities, wares and merchandise. MCTC was registered in the SEC on January 7, 1991 and has been nonoperational since incorporation.

3. Summary of Significant Accounting Policies

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following standards as at January 1, 2016:

- Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and Philippine Accounting Standards (PAS) 28, *Investments in Associates and Joint Ventures*, *Investment Entities: Applying the Consolidation Exception*
  These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value. They also clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture) to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries when applying the equity method.

  These amendments are not applicable to the Group since none of the entities within the Group is an investment entity nor does the Group have investment entity associates or joint venture.

- Amendments to PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
  The amendments to PFRS 11 require a joint operator that is accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business (as defined by PFRS 3), to apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

  These amendments do not have any impact to the Group as there has been no interest acquired in a joint operation during the period.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral

account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of income and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.

This new standard is not applicable to the Group as it is not subject to rate-regulation.

- Amendments to PAS 1, *Presentation of Financial Statements* - *Disclosure Initiative*
  The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRSs. They clarify the following:
  - That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions
  - That specific line items in the statement of income and other comprehensive income and the statement of financial position may be disaggregated
  - That entities have flexibility as to the order in which they present the notes to financial statements
  - That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

  These amendments do not have any impact to the Group as there were no additional disclosures made in order to be compliant with these amendments.

- Amendments to PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization*
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

  These amendments are applied prospectively and do not have any impact to the Group, given that the Group has not used a revenue-based method to depreciate its property and equipment.

- Amendments to PAS 16 and PAS 41, *Agriculture - Bearer Plants*
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply.

  The amendments do not have any impact to the Group since the Group does not have any bearer plants.

- Amendments to PAS 27, *Separate Financial Statements*, *Equity Method in Separate Financial Statements*
  The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

  This amendment has no impact to the Group since the Group opted to use cost method to account for investments in a subsidiary and associates in their separate financial statements.

Improvements to PFRSs (2012 - 2014 Cycle)
- Amendment to PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*
  The amendment clarifies that changing from one of these disposal methods (either through sale or distribution to owners) to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5.

- Amendment to PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively.

- Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.

- Amendment to PAS 19, *Employee Benefits* - *Discount Rate: Regional Market Issue*
  The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- Amendment to PAS 34, *Interim Financial Reporting* - *Disclosure of Information 'Elsewhere in the Interim Financial Report*
  The amendment clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms and at the same time as the interim financial statements.

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as noncurrent.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent.

Fair Value Measurement
Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets
Financial assets are classified, at initial recognition, as financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at FVPL, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

a. *Financial Assets at FVPL*
   Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by PAS 39. Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value presented as fair value gains or losses on financial asset at FVPL in profit or loss.

   Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVPL. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset that would otherwise be required or a reclassification of a financial asset out of FVPL.

The Group's investments in trading securities are classified under financial assets at FVPL as of December 31, 2016 and 2015 (see Note 6).

b. *Loans and Receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate (EIR) method, less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the EIR. The effective interest amortization is included as interest income in profit or loss. The losses arising from impairment are recognized in profit or loss.

The Group's cash and cash equivalents, short-term investments included under "Prepayments and other current assets" account, receivables and due from related parties are classified as loans and receivables as of December 31, 2016 and 2015 (see Notes 5, 7, and 18).

c. *HTM Investments*
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM investments when the Group has the positive intention and ability to hold them to maturity. After initial measurement, HTM investments are measured at amortized cost using the EIR, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effective interest amortization is included as interest income in profit or loss. The losses arising from impairment are recognized in profit or loss as impairment loss on HTM investments.

As of December 31, 2016 and 2015, the Group has no HTM investments (see Note 10).

d. *AFS Financial Assets*
AFS financial assets include equity investments and debt investments. Equity investments classified as AFS financial assets are those that are neither classified as held for trading nor designated at FVPL. Debt securities in this category are those that are intended to be held for an indefinite period of time and that maybe sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized in OCI until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss. When the investment is determined to be impaired, the cumulative loss in OCI is reclassified to profit or loss as impairment loss on AFS financial assets. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

Equity securities classified as AFS financial assets that do not have quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

In the case financial asset with a fixed maturity, the fair value at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in OCI is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in OCI is reclassified to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall remain in OCI until the financial asset is sold or otherwise disposed of, when it shall be recognized in profit or loss. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is recognized in profit or loss.

The Group's AFS financial assets consist of debt and equity securities as of December 31, 2016 and 2015 (see Note 9).

Derecognition of Financial Assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

a. *Financial Assets Carried at Amortized Cost*
   For assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial

assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in profit or loss. Interest income recognized continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to reversal of impairment loss in profit or loss.

b. AFS Financial Assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS financial assets, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized is removed from OCI and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS financial assets, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income is recognized as part of profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in case of other financial liabilities, net of directly attributable transaction costs.

As of December 31, 2016 and 2015, the Group does not have financial liabilities designed at FVPL or as derivatives designated as hedging instruments in an effective hedge.

Issued financial instruments or their components, which are not designated as at FVPL, are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument, as a whole, the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. The effective interest amortization is included as interest expense in profit or loss. This accounting policy applies primarily to accounts payable and accrued expenses and dividends payable (other than liabilities covered by other accounting standards, such as income tax payable) [see Note 14].

Derecognition of Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right to offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counter parties.

<u>Cash and Cash Equivalents</u>
Cash and cash equivalents in the consolidated statement of financial position comprise cash with banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Input Value-added Taxes (VAT)
Input VAT, included in "Prepayments and other current assets" represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is stated at its estimated net realizable value (NRV).

Creditable Withholding Taxes (CWTs)
CWTs, included in "Prepayments and other current assets", are amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Investment in Associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's investment in an associate is accounted for under the equity method.

Under the equity method, the investment in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The Group's share of the results of operations of the associate is reflected in profit or loss. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate. If the Group's shares of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in an associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognize the loss in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The Group has equity interest in the following associates as of December 31, 2016 and 2015:

	Country of Incorporation	Percentage of Ownership
Magellan Utilities Development Corporation (MUDC)	Philippines	43
Business Process Outsourcing, International (BPO)	Philippines	35
Pointwest Technologies Corporation (PTC)	Philippines	30

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment, including cost of major inspection, when that cost is incurred and if the recognition criteria are met. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

Category	Number of Years
Condominium	25
Condominium improvements	10
Transportation equipment	10
Office furniture, fixtures and equipment	5

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as difference between the net disposal proceeds and carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The residual value and useful lives of property and equipment are reviewed periodically and adjusted prospectively, if appropriate.

Investment Properties

Investment properties, comprising a parcel of land and condominium units, is held either to earn rental income or for capital appreciation or both. Investment property pertaining to land is measured at cost, including transaction costs less any accumulated impairment in value.

Investment property pertaining to condominium is carried at cost less any accumulated depreciation and any impairment in value. Depreciation is computed using straight line method over the estimated useful life of 25 years.

Investment properties are derecognized when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment properties only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Impairment of Nonfinancial Assets
The Group assesses, at each reporting date, whether there is an indication that an asset maybe impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognized in profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss.

Common Stock and Additional Paid-in Capital
The Group has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock are shown in equity as a deduction, net of tax, from the proceeds.

Amount of contribution in excess of par value is accounted for as an additional paid-in capital. Additional paid-in capital also arises from additional capital contribution from the shareholders.

Treasury Shares
Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium.

Retained Earnings
The amount included in retained earnings includes income attributable to the Group's stockholders and reduced by dividends. Dividends are recognized as a liability and deducted from equity when they are approved by the Group's BOD. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the relevant transitional provisions.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is acting as principal in substantially all its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Interest Income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as AFS financial assets, interest income is recorded using the effective interest method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is recognized in profit or loss.

Dividend Income

Revenue is recognized when the Group's right to receive payment is established, which is generally when the investee's BOD approve the dividend.

Rental Income

Rental income arising from operating lease on investment properties is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on a straight-line basis. Contingent rents are recognized as revenue in the period in which they are earned.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when goods are received by and services are rendered to the Group or when the expenses arise.

Retirement Benefits

The Group operates a defined benefit plan in the Philippines. These benefits are unfunded.

The cost of providing benefits under defined benefit plan is determined using the projected unit credit method.

Remeasurements comprising of actuarial gains and losses, the effect of the ceiling, exchange amounts in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized in OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under "Retirement benefits" in profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if the right is not explicitly specified in an arrangement. Leases in which risks and rewards of ownership of the asset are not substantially transferred to/from the Group are classified as operating lease.

Foreign Currency Transactions
The consolidated financial statements are presented in Philippine peso, which is the Parent Company and its subsidiaries' functional currency. Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualities for recognition. Monetary assets and liabilities denominated in foreign currencies are translated functional currency spot rates of exchange at the reporting date. Differences arising on settlement on translation of monetary items are recognized in profit or loss. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair values are determined. The gain or loss arising on translation of nonmonetary items measured at fair values is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Income Taxes
Current Income Tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The income tax rates and income tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences between the income tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits in the form of minimum corporate income tax (MCIT) and unused tax losses in the form of net operating loss carryover (NOLCO). Deferred income tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences of MCIT and NOLCO can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the income tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on income tax rates and income tax laws that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside of profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current income tax against current income tax liabilities and the deferred income taxes relate to the same taxable entity and same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustments is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies
Contingent assets and liabilities are not recognized in the consolidated financial statements. Contingent assets are disclosed in the notes of consolidated financial statements when an inflow of economic benefits is probable and recognized in the consolidated statement of financial position and the related income in profit or loss when an inflow of economic benefits is virtually certain. On the other hand, contingent liabilities are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Earnings Per Share (EPS)
Basic earnings per share amounts are calculated by dividing net income for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net income for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

As of December 31, 2016, 2015 and 2014, the Group does not have any dilutive potential common shares. Hence, diluted EPS is the same as basic EPS.

Segment Reporting
For purposes of Management reporting, the Group's operating businesses are organized and managed separately on a per Company basis, with each company representing a strategic business segment. The Group's identified operating segments, which are consistent with the segments reported to the BOD which is the Group's Chief Operating Decision Maker (CODM). Information on the operating segment is presented in Note 20.

Events After the Reporting Period
Events after the reporting period that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

New Accounting Standards, Interpretation and Amendments to Existing Standards Effective Subsequent to December 31, 2016
Standards and interpretation issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group will adopt these standards and interpretation when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards, improvements to PFRSs and new interpretation to have significant impact on its financial statements.

Effective in 2017

- PFRS 12 (Amendments), *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

- PAS 7 (Amendments), *Statement of Cash Flows, Disclosure Initiative*
  The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

- PAS 12 (Amendments), *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*
  The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

  Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

Effective in 2018

- PFRS 9, *Financial Instruments*
  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact of adopting this standard.

- PFRS 15, *Revenue from Contracts with Customers*
  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

- PFRS 2 (Amendments), *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.
  On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

- PFRS 4 (Amendments), *Insurance Contracts*, *Applying PFRS 9, Financial Instruments, with PFRS 4*
  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

  The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

- PAS 28 (Amendments), *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

- PAS 40 (Amendments), *Investment Property*, *Transfers of Investment Property*
  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation of International Financial Reporting Interpretations Committee 22, *Foreign Currency Transactions and Advance Consideration*
  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Effective in 2019

- PFRS 16, *Leases*
  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value. Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

Deferred Effectivity

- PFRS 10 and PAS 28 (Amendments), *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

  The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council (FRSC) postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. **Significant Accounting Judgments and Estimates**

The consolidated financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following items are those matters which the Group assess to have significant risks arising from estimation uncertainties:

<u>Judgments</u>

Determination of Significant Influence over an Investee Company
The Group considers its investments in PTC, BPO and MUDC as an investment in an associate. The Group concluded that it has more than 20% ownership interest and has significant influence over the operating and financial policies of its investments in associates due to the following:

- representation on the BOD;
- participation in policy-making processes, including participation in decisions about dividends and other distributions;
- material transactions between the investor and investee;
- interchange of managerial personnel; and
- provision of essential technical information.

Determining Noncontrolling Interest (NCI) that is Material to the Group
The Group assesses whether an NCI is material by considering factors such as the carrying amount of the NCI relative to the net equity of the Group, the profit or loss or OCI of the subsidiary attributable to the NCI, the assets and liabilities of the related subsidiary, or the amount of dividends paid by the subsidiary to the NCI, and the proportion that these amounts bear to the Group's financial position or results of operations. The Group also considers the nature of the activities of the subsidiary and its relative importance or risk compared to other operations of the Group. Based on management's assessment, it has determined that the NCI in MCHC is not material to the Group.

Classification of Financial Instruments
The Group exercises judgments in classifying a financial instrument, or its component parts, upon initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

In addition, the Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether market transactions take place with sufficient frequency and volume.

Estimates

Determination of Fair Values of Financial Instruments

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., quoted prices, interest rates and foreign exchange rates), the amount of changes in fair value would differ if the Group utilized a different valuation methodology.

Where the fair value of certain financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. The judgments include considerations of liquidity and model inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of the Group's financial instruments are disclosed in Note 23 to the consolidated financial statements.

Estimating Allowance for Impairment Losses on Financial Assets Carried at Amortized Cost

The Group reviews financial assets carried at amortized cost at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

The Group recognized provision for impairment loss on receivables and due from related parties amounting to ₱2.6 million in 2016. The Group has written-off from due from related parties amounting to ₱0.4 million in 2015. Moreover, the Group recognized loss on bank foreclosure amounting to ₱0.4 million in 2015 for its fixed income deposit (see Note 7). The allowance for impairment losses on receivables and due from related parties amounted to ₱189.7 million and ₱187.1 million as of December 31, 2016 and 2015, respectively (see Notes 7 and 18).

The aggregate carrying amounts of the Group's short-term investments included under "Prepayments and other current assets" account, receivables and due from related parties account amounted to ₱29.6 million and ₱43.0 million as of December 31, 2016 and 2015, respectively (see Notes 7 and 18).

Estimating Impairment of Equity Securities Classified as AFS Financial Assets

The Group treats quoted equity securities classified as AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment.

The Group generally considers a decline in fair value of greater than 20% as significant and a decline in fair value for a period of more than six (6) moths as prolonged. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Allowance for impairment losses on AFS quoted equity financial assets amounted to ₱3.1 million as of December 31, 2016 and 2015. The carrying amount of the Group's AFS quoted equity financial assets as of December 31, 2016 and 2015 amounted to ₱32.4 million and ₱64.7 million, respectively (see Note 9).

For unquoted shares, the Group estimates the expected future cash flows from the investment and calculates the amount of impairment as the difference between the present value of expected future cash flows from the investment and its acquisition cost and recognizes the amount in the consolidated statements of comprehensive income.

No impairment on unquoted equity securities classified as AFS financial assets was recognized in 2016 and 2015. The carrying value of the Group's AFS unquoted equity financial assets amounted to ₱94.9 million and ₱95.1 million as of December 31, 2016 and 2015, respectively (see Note 9).

Estimating Impairment of Investment in Shares of Stock
The Group performs an impairment review on its investments in an associate whenever an impairment indicator exists. This requires an estimation of the value in use of the investments. Estimating the value in use requires the Group to make an estimate of the expected future cash flows of the investments and to make use of a suitable discount rate to calculate the present value of those future cash flows.

Management determined that there are no events or circumstances that may indicate that the carrying amounts of the investments in PTC and BPO are not recoverable for the three years then ended. As of December 31, 2016 and 2015, no allowance for impairment loss on investments in PTC and BPO was recognized. Management provided full provision for impairment loss on investment in MUDC. Allowance for impairment losses on the Group's investment in MUDC amounted to ₱94.8 million as of December 31, 2016 and 2015 (see Note 8).

Estimating Impairment of Nonfinancial Assets
The Group determines whether prepayments and other current assets, investments in associates, property and equipment, investment properties, and other noncurrent assets are impaired whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

The Group has not identified any events or changes in circumstances that would indicate an impairment loss on the following other nonfinancial assets as of December 31, 2016 and 2015:

	2016	2015
Prepayments and other current assets	**₱15,529,159**	₱16,042,896
Property and equipment (see Note 11)	**10,467,538**	12,027,977
Investment properties (see Note 12)	**158,547,912**	132,430,015
Other noncurrent assets (see Note 13)	**24,927,486**	32,426,972
	₱209,472,095	₱192,927,860

The balance excludes short-term investments included under "Prepayments and other current assets" account which is classified as financial assets, amounting to nil and ₱11.1 million as of December 31, 2016 and 2015, respectively.

Estimating Useful Lives of Property and Equipment and Investment Properties
The estimated useful lives used as bases for depreciating the Group's property and equipment and investment properties were determined on the basis of management's assessment of the period within which the benefits of these assets are expected to be realized taking into account actual historical information on the use of such assets as well as industry standards and averages applicable to the Group's assets.

The net book value of the Group's property and equipment and investment properties are disclosed in Notes 11 and 12 to the consolidated financial statements.

Estimating Retirement Benefit Obligation
The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations. The assumptions and the carrying amount of the Group's retirement benefit obligation as of December 31, 2016 and 2015 amounted to ₱11.3 million and ₱10.9 million, respectively (see Note 15).

Estimating Realizability of Deferred Income Tax Assets
Deferred income tax asset is recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable income will be available in the future against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. The Group did not recognize deferred income tax assets on its deductible temporary differences amounting to ₱251.1 million and ₱280.9 million as of December 31, 2016 and 2015, respectively, as management believes that sufficient future taxable income will not be available to allow all or part of the deferred income tax asset to be utilized (see Note 16).

Estimating Provision for Legal Obligation
The estimate of provision for legal obligation has been developed by management. The management currently does not believe the provision will have a material adverse effect on its financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates of provisions. In 2011, the

Group recognized provision for legal obligation amounting to ₱5.0 million for claims arising from lawsuit which are either awaiting decision by the courts or are subject to settlement obligations (see Note 21). No additional provisions were made in 2016, 2015 and 2014.

5. Cash and Cash Equivalents

	2016	2015
Cash on hand and with banks	**₱207,473,275**	₱164,395,383
Short-term placements	**747,096,775**	801,237,757
	₱954,570,050	₱965,633,140

Cash with banks earn interest at the respective bank deposit rates. Short-term placements are fixed rate time deposits denominated in United States (US) dollar and Philippine peso, made for varying periods of up to three months or less, depending on the immediate cash requirements of the Group, and earn interest at the respective bank rates ranging from 1.0% to 3.0% in 2016 and 2015.

Interest income earned from these bank deposits and short-term placements amounted to ₱17.2 million, ₱15.1 million and ₱12.7 million in 2016, 2015 and 2014, respectively.

6. Financial Assets at FVPL

Financial assets at FVPL consist of listed securities which are traded in the PSE, New York Stock Exchange (NYSE) and Hong Kong Stock Exchange (HKEx). Fair values of listed equity securities are based on quoted market prices in the PSE, NYSE and HKEx.

The carrying value of financial assets at FVPL includes net unrealized gains (losses) on fair value changes amounting to ₱10.0 million, (₱6.0 million) and (₱5.5 million) in 2016, 2015 and 2014, respectively. Net cumulative unrealized gains on financial assets at FVPL amounted to ₱28.8 million and ₱18.1 million as of December 31, 2016 and 2015, respectively.

The rollforward of the Group's investments in financial assets at FVPL is as follows:

	2016	2015
Cost:		
Balances at beginning of year	**₱44,214,962**	₱41,181,502
Additions	**14,309,326**	4,623,460
Disposals	**(4,337,335)**	(1,590,000)
Balances at end of year	**54,186,953**	44,214,962
Changes in fair value:		
Balances at beginning of year	**18,137,356**	24,423,427
Fair value gains (losses)	**9,980,598**	(5,996,071)
Disposals	**720,847**	(290,000)
Balances at end of year	**28,838,801**	18,137,356
	₱83,025,754	₱62,352,318

Dividend income earned on investments in financial assets at FVPL amounted to ₱1.2 million, ₱0.8 million and ₱0.5 million in 2016, 2015 and 2014, respectively, presented as "Dividend income" in profit or loss.

The Group recognized gain on disposal of financial asset at FVPL amounting to ₱1.1 million and ₱0.6 million in 2016 and 2015, respectively.

7. Receivables

	2016	2015
Accrued interest	**₱7,626,291**	₱7,568,959
Rent receivable (Note 21)	**533,447**	641,268
Others	**914,458**	1,032,581
	9,074,196	9,242,808
Less allowance for impairment losses	**857,369**	845,378
	₱8,216,827	₱8,397,430

Accrued interest from third parties pertain to interests earned on investments in short-term placements, short-term investments and debt securities classified as AFS financial assets that are expected to be collected within one year.

On August 24, 2015, the Monetary Board (MB) placed Xavier-Punla Rural Bank, Inc. under the management of the Philippine Depositary Insurance Corporation (PDIC). The Group recognized impairment loss on deposit amounting to ₱0.4 million in 2015. The Group believes that it would be able to recover ₱0.5 million from PDIC included as "Others" as of December 31, 2016 and 2015.

In 2016 and 2015, the Group recognized provision for impairment loss on receivables amounting to ₱0.01 million and nil, respectively, presented as part of "Impairment loss on receivables and due from related parties" in profit or loss.

8. Investments in Associates

	2016	2015
Costs:		
Acquisition costs	**₱288,590,264**	₱281,090,264
Conversion of deposit for stock subscription	**–**	7,500,000
	288,590,264	288,590,264
Accumulated equity in net earnings and OCI:		
Balances at beginning of year	**8,657,612**	(39,018,887)
Share in net income from associates	**72,929,014**	105,413,232
Share in OCI from associates	**40,822,636**	10,748,690
Dividends declared by associates	**(21,020,846)**	(68,485,423)
	101,388,416	8,657,612
Deposit for stock subscription:		
Balances at beginning of year	**–**	1,875,000
Deposit	**–**	5,625,000
Conversion of deposit for stock subscription	**–**	(7,500,000)
	–	–
Accumulated allowance for impairment loss	**(94,830,129)**	(94,830,129)
	₱295,148,551	₱202,417,747

The Group has equity interest and additional deposits for stock subscription to the following associates as of December 31:

	Country of Incorporation	Percentage of Ownership 2016	2015	Carrying Amount of Investments 2016	2015
PTC	Philippines	**30**	30	**₱243,795,499**	₱147,495,526
BPO	Philippines	**35**	35	**51,353,052**	54,922,221
MUDC	Philippines	**43**	43	**–**	–
				₱295,148,551	₱202,417,747

PTC
PTC is a global service company outsourcing information technology services from the Philippines. Among others, it offers software servicing, maintenance, testing and development to various clients, mostly in the US.

Dividends
On December 7, 2015, PTC declared cash dividends amounting to $750,000 or $0.0005 per share of the outstanding stocks as of record date of December 31, 2015. Dividends shall be payable on or before June 30, 2016.

On June 25, 2015, PTC declared cash dividends amounting to $3,500,000 or $0.00311 per share of the outstanding stocks as of record date of May 31, 2015. Dividends shall be payable as follows: August 31, 2015 - $0.21 million and October 31, 2015 - $0.84 million.

The Group's share in the dividends declared amounted to nil, ₱59.6 million and ₱45.1 million in 2016, 2015 and 2014 respectively. Dividend receivable amounted to ₱10.6 million as of December 31, 2015.

Deposit for Stock Subscription
On August 26, 2015, the Group deposited a total amount of ₱5.6 million, representing the remaining balance for subscription of capital increase.

On September 21, 2015, the SEC has approved PTC's application for increase in authorized capital stock. Accordingly, the deposit for stock subscription amounting to ₱7.5 million was converted to capital stock.

The summarized financial information of PTC is as follows ('000):

	2016	2015
Current assets	**₱798,134**	₱673,369
Noncurrent assets	**229,478**	222,721
Total assets	**1,027,612**	896,090
Current liabilities	**180,885**	263,706
Noncurrent liabilities	**52,825**	159,482
Total liabilities	**233,710**	423,188
Equity	**793,902**	472,902
Gross revenue	**1,777,309**	1,782,703
Operating profit	**195,844**	326,751
Net income	**184,899**	310,232
Group's share in net income	**55,470**	93,069

The difference between the carrying value of the investment in PTC against the share in net assets of PTC represents goodwill at acquisition date.

BPO
BPO is a provider of accounting and finance related services such as payroll, internal audit, payables processing and others. It is involved in outsourcing business process services in the Philippines, servicing many of the multinational and large corporations operating in the country.

Dividends
On December 12, 2016, BPO declared cash dividend amounting to ₱60.1 million or ₱77.00 per share of the outstanding stocks as of record date December 12, 2016. Dividends shall be payable on or before June 30, 2017.

The share in the dividends which is outstanding as of December 31, 2016 amounted to ₱21.0 million.

On December 18, 2015, BPO declared of cash dividend amounting to ₱30.0 million or ₱38.50 per share of the outstanding stocks as of record date December 15, 2015. Dividends shall be payable on or before May 30, 2016.

Dividend income in 2015 and dividend receivable as of December 31, 2015 amounted to ₱10.5 million. The outstanding balance was paid in 2016.

The summarized financial information of BPO is as follows (‘000):

	2016	2015
Current assets	**₱150,726**	₱152,865
Noncurrent assets	**75,354**	68,942
Total assets	**226,080**	221,807
Current liabilities	**126,657**	114,078
Noncurrent liabilities	**12,541**	11,391
Total liabilities	**139,198**	125,469
Equity	**86,882**	96,338
Gross revenue	**384,667**	358,401
Operating profit	**68,886**	49,076
Net income	**49,884**	35,268
Group’s share in net income	**17,459**	12,344

The difference between the carrying value of the investment in BPO against the share in net assets of BPO represents goodwill at acquisition date.

MUDC
The Group has a 43% interest in MUDC. As of December 31, 2016, MUDC has been nonoperational since its incorporation. However, it has obtained the necessary requirements for the signing of a supply agreement with a public utility firm and a purchase agreement with certain oil companies. As of December 31, 2016 and 2015, MUDC has project development costs of ₱207.1 million. The recoverability of these assets and the ultimate success of MUDC’s future operations are dependent upon the signing of these agreements. The foregoing conditions indicate the existence of a material uncertainty which may cast significant doubt on MUDC’s ability to continue as a going concern and the recoverability of the Group’s significant investment in MUDC.

As of December 31, 2016 and 2015, MUDC has incurred significant losses, which resulted in capital deficiency amounting to ₱257.2 million.

The cumulative unrecognized share of losses in MUDC amounted to ₱15.8 million as of December 31, 2016 and 2015.

Moreover, the Group's share in the losses of MUDC exceeded the carrying amount of its investment. Consequently, the Company has discontinued recognizing its share of further losses in excess of the investment cost of ₱94.8 million as of December 31, 2016 and 2015.

The Group has assessed that its investment in MUDC amounting to ₱94.8 million as of December 31, 2016 and 2015 and its advances to MUDC amounting to ₱130.2 million and ₱127.7 million in 2016 and 2015, respectively, are impaired since management believes that it will no longer recover from such investment and advances. Management is not required to infuse more capital to MUDC and that losses are limited to the invested additional advances as of December 31, 2016.

9. AFS Financial Assets

	2016	2015
Quoted:		
Debt securities	**₱274,485,471**	₱246,312,795
Equity securities - at fair value, net of allowance for impairment loss of ₱3.1 million	**94,925,210**	95,140,085
Unquoted equity securities	**32,464,311**	64,685,296
	401,874,992	406,138,176
Less current portion	**66,753,263**	4,902,099
	₱335,121,729	₱401,236,077

Movements in AFS financial assets are as follows:

	2016	2015
Balances at beginning of year	**₱406,138,176**	₱372,422,144
Additions	**70,379,312**	84,646,959
Changes recognized in profit or loss	**13,426,342**	6,085,759
Movements in net unrealized valuation gains	**1,223,233**	8,963,303
Disposals	**(89,292,071)**	(65,979,989)
Balances at end of year	**₱401,874,992**	₱406,138,176

Investments in debt securities are denominated in various foreign currencies and are stated at fair value based on quoted prices. Changes in market values are included in the consolidated statement of comprehensive income. The debt securities bear fixed interest rates ranging from 4.34% to 13.63% in 2016 and 2015, respectively. Maturity dates of the investments range from 2017 to 2024. Interests on investments are received and settled semi-annually in its denominated currency.

Investments in equity securities carried at fair value consist of perpetual bonds and investments in quoted shares of stock which the Group has neither control nor significant influence. The fair market values of these listed shares are determined by reference to published quotations in an active market as of December 31, 2016 and 2015.

Investments in equity securities carried at cost consist of unquoted shares and investments in the shares of stock which the Group has neither control nor significant influence.

Movements in the net unrealized valuation gains on AFS financial assets under OCI are as follow:

	2016	2015
Balances at beginning of year	**₱22,079,028**	₱13,115,725
Changes in fair value of AFS financial assets	**5,515,323**	7,743,698
Impairment loss on AFS financial assets recognized in profit or loss	**–**	2,127,676
Disposals of AFS financial assets	**(4,292,090)**	(908,071)
Balances at end of year	**₱23,302,261**	₱22,079,028

Details of the allowance for impairment losses as of December 31, 2016 and 2015 are as follows:

	2016	2015
Balances at beginning of year	**₱3,127,676**	₱1,000,000
Provision	**–**	2,127,676
Balances at end of year	**₱3,127,676**	₱3,127,676

Net unrealized valuation gains on AFS financial assets attributable to equity holders of the Parent Company amounted to ₱18.7 million and ₱19.3 million as of December 31, 2016 and 2015, respectively.

On April 4, 2014, the Group sold more than an insignificant portion of its HTM investments before maturity. The Group subsequently reclassified its HTM investments to AFS financial assets in accordance with the requirements of PAS 39 (see Note 10).

Interest earned on debt securities classified as AFS financial assets amounted to ₱23.0 million, ₱24.1 million and ₱22.7 million in 2016, 2015 and 2014 respectively, presented as "Interest income" in profit or loss.

Dividend income earned on equity securities classified as AFS financial assets amounted to ₱0.7 million, ₱0.7 million and ₱1.8 million in 2016, 2015 and 2014, respectively.

The Group disposed certain AFS financial assets and recognized gains (losses) from disposal amounting to ₱4.3 million, ₱0.9 million and (₱1.1 million) in 2016, 2015 and 2014, respectively.

10. **HTM Investments**

On April 4, 2014, the Group sold HTM investments with a carrying value of ₱17.8 million resulting to a gain from disposal amounting to ₱0.2 million. Consequently, the remaining portfolio of HTM investments with a carrying amount of ₱213.9 million was reclassified to AFS financial assets and was remeasured at fair value. The fair value gain from remeasurement amounting to ₱4.5 million was recognized in OCI (see Note 9).

Interest income on these HTM investments amounted to ₱2.3 million in 2014, presented as "Interest income" in profit or loss.

11. Property and Equipment

2016

	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost:					
Balances at beginning of year	**₱20,755,943**	**₱8,692,633**	**₱8,395,222**	**₱2,843,660**	**₱40,687,458**
Additions	**–**	**71,429**	**–**	**–**	**71,429**
Balances at end of year	**20,755,943**	**8,764,062**	**8,395,222**	**2,843,660**	**40,758,887**
Accumulated depreciation:					
Balances at beginning of year	**12,661,440**	**8,165,998**	**5,105,651**	**2,726,392**	**28,659,481**
Depreciation	**830,238**	**80,187**	**660,973**	**60,470**	**1,631,868**
Balances at end of year	**13,491,678**	**8,246,185**	**5,766,624**	**2,786,862**	**30,291,349**
Net book values	**₱7,264,265**	**₱517,877**	**₱2,628,598**	**₱56,798**	**₱10,467,538**

2015

	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost:					
Balances at beginning of year	₱20,755,943	₱8,692,633	₱8,395,222	₱2,831,072	₱40,674,870
Additions	–	–	–	12,588	12,588
Balances at end of year	20,755,943	8,692,633	8,395,222	2,843,660	40,687,458
Accumulated depreciation:					
Balances at beginning of year	11,831,202	7,870,994	4,444,676	2,652,079	26,798,951
Depreciation	830,238	295,004	660,975	74,313	1,860,530
Balances at end of year	12,661,440	8,165,998	5,105,651	2,726,392	28,659,481
Net book values	₱8,094,503	₱526,635	₱3,289,571	₱117,268	₱12,027,977

Fully depreciated property and equipment that are still in use amounted to ₱15.3 million and ₱13.2 million in 2016 and 2015, respectively.

12. Investment Properties

2016

	Land	Condominium	Total
Cost:			
Balances at beginning of year	**₱46,319,625**	**₱106,188,952**	**₱152,508,577**
Reclassifications (see Note 13)		**30,574,848**	**30,574,848**
Balance at end of year	**46,319,625**	**136,763,800**	**183,083,425**
Accumulated depreciation:			
Balances at beginning of year	**–**	**20,078,562**	**20,078,562**
Depreciation	**–**	**4,456,951**	**4,456,951**
Balances at end of year	**–**	**24,535,513**	**24,535,513**
Net book values	**₱46,319,625**	**₱112,228,287**	**₱158,547,912**

2015

	Land	Condominium	Total
Cost:			
Balances at beginning and end of year	₱46,319,625	₱106,188,952	₱152,508,577
Accumulated depreciation:			
Balances at beginning of year	–	15,831,011	15,831,011
Depreciation	–	4,247,551	4,247,551
Balances at end of year	–	20,078,562	20,078,562
Net book values	₱46,319,625	₱86,110,390	₱132,430,015

Condominium units are being leased to third parties and other related parties as office space. The investment properties generated revenue amounting to ₱14.0 million, ₱12.8 million and ₱4.5 million in 2016, 2015 and 2014, respectively.

An investigation and appraisal was conducted by a third party appraiser, to provide information about the market values of the real estate properties. The fair value was estimated using the market approach which considered sales of similar or substitute properties and related market data. The assessed fair value of the investment properties amounted to ₱266.0 million and ₱194.5 million as of December 31, 2016 and 2015, respectively. The fair value is categorized under Level 2 fair value hierarchy.

There are no restrictions on realizability of investment properties and there were no significant repairs and maintenance made to maintain the investment properties.

13. Other Noncurrent Assets

	2016	2015
Deposit on contracts (see Note 12)	**₱24,183,905**	₱31,642,840
Deposits	**743,581**	784,132
	₱24,927,486	₱32,426,972

As of December 31, 2016, deposits on contracts pertains to payments for the acquisition of condominium units available for turnover in 2017.

As of December 31, 2015, deposits on contracts pertains to payments for condominium units that are still under construction. The condominium units are expected to be completed and available for turnover in 2016 (see Note 12).

14. Accounts Payable and Accrued Expenses

	2016	2015
Deposits payable (see Note 21)	**₱1,507,524**	₱1,584,805
Accounts payable	**1,451,973**	1,001,888
Accrued professional fees	**863,538**	766,152
Government payables	**860,433**	602,556
	₱4,683,468	₱3,955,401

Accounts payable are generally noninterest-bearing payables to third party contractors.

Deposits payable pertain to deposits made by tenants for the lease of an insignificant portion of the Parent Company's condominium spaces and will be refunded to the lessee after the lease term.

15. Retirement Benefit Obligation

The Group has an unfunded, defined benefit pension plan covering substantially all its regular employees. Retirement benefits under the plan are based on a percentage of latest monthly salary and years of credited service.

Composition of retirement benefit expense recognized in profit or loss (included in the personnel expenses account) and changes in the present value of unfunded defined benefit obligation are as follows:

	2016	2015	2014
Balances at beginning of year	**₱10,918,293**	₱9,679,932	₱8,143,006
Retirement benefit expense in profit or loss:			
Current service costs	**800,230**	761,181	745,456
Interest costs	**469,486**	396,016	357,649
	1,269,716	1,157,197	1,103,105
Remeasurements in other comprehensive income:			
Experience adjustment	**(778,473)**	(16,496)	385,152
Changes in financial assumptions	**(77,452)**	97,660	48,669
Changes in demographic assumptions	**(26,353)**	–	–
	(882,278)	81,164	433,821
Balances at end of year	**₱11,305,731**	₱10,918,293	₱9,679,932

Actuarial losses on retirement benefit obligation attributable to the equity holders of the Parent Company amounted to ₱1.2 million and ₱2.4 million as of December 31, 2016 and 2015, respectively.

The principal actuarial assumptions used in determining retirement benefit obligation for the Group's retirement plan are as follows:

	2016	2015	2014
Discount rates	**4.90%**	4.30%	4.20%
Salary increase rates	**5.00%**	5.00%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2016 and 2015, assuming if all other assumptions were held constant:

		Effect on defined benefit obligation		
		2016	2015	2014
Discount rates	+50 basis points	**(₱1,058,141)**	(₱921,839)	(₱915,570)
	-50 basis points	**1,106,511**	926,910	975,030
Future salary increases	+50 basis points	**1,083,472**	909,831	954,733
	-50 basis points	**(1,040,772)**	(905,403)	(900,994)

The average duration of the retirement benefit obligation as of December 31, 2016 and 2015 is 5 and 6 years, respectively.

Shown below is the maturity profile analysis of the undiscounted benefit payments:

	2016	2015	2014
Less than 1 year	**₱–**	₱8,851,801	₱7,842,226
More than 1 year to 5 years	**10,687,999**	4,051,664	3,965,868
More than 5 years to 10 years	**6,500,675**	3,847,675	3,517,693
	₱17,188,674	₱16,751,140	₱15,325,787

16. Income Taxes

The Group's provision for current income tax in 2016, 2015 and 2014 are as follows:

	2016	2015	2014
RCIT	**₱7,213,243**	₱4,051,089	₱2,353,362
Final tax on interest income	**2,987,702**	2,766,639	2,708,642
MCIT	**–**	74,163	54,405
Stock transaction tax (STT) on disposal of financial assets at FVPL	**–**	12,427	–
	₱10,200,945	₱6,904,318	₱5,116,409

The reconciliation of income tax computed at the statutory income tax rate to provision for income tax shown in profit or loss is as follows:

	2016	2015	2014
At statutory tax rate of 30%:	**₱43,228,179**	₱44,453,289	₱25,161,234
Additions to (reductions in) income tax resulting from:			
Equity in net earnings of associates	**(21,878,704)**	(31,623,970)	(21,765,332)
Movement in unrecognized net deferred income tax asset	**(8,246,298)**	(2,593,867)	1,008,370
Benefit from income subjected to final tax	**(4,680,384)**	(4,103,661)	(1,110,935)
Nondeductible expenses	**(673,620)**	2,439,260	1,718,808
Nontaxable dividend income	**(177,809)**	(296,545)	(276,350)
Expired NOLCO	**–**	226,205	355,703
Expired MCIT	**–**	35,617	24,911
	₱7,571,364	₱8,536,328	₱5,116,409

The Group's net deferred income taxes as of December 31, 2016 and 2015 are as follows:

	2016	2015
Recognized in profit or loss		
Deferred income tax assets on:		
Allowance for impairment losses on receivables, due from related parties and AFS financial assets	**₱7,680,798**	₱5,473,313
Retirement benefit obligation	**2,908,739**	246,380
NOLCO	–	287,660
MCIT	–	170,652
Deferred income tax liabilities on:		
Unrealized foreign exchange gains	**(6,389,579)**	(7,008,605)
Gains on fair value changes of foreign financial assets at FVPL	**(3,202,387)**	(801,410)
	997,571	(1,632,010)
Recognized in OCI		
Deferred income tax asset on actuarial loss on retirement obligation	**482,981**	41,460
Deferred income tax liability on net unrealized valuation gains on AFS financial assets	**(4,217,083)**	(4,706,254)
	(3,734,102)	(4,664,794)
Net deferred income tax liability	**(₱2,736,531)**	(₱6,296,804)

No deferred income tax assets were recognized for the following deductible temporary differences as it is not probable that sufficient taxable profits will be available to allow the benefit of the deferred income tax assets to be utilized:

	2016	2015
Deferred income tax assets recognized in profit or loss:		
Allowance for impairment losses on receivables, due from related parties and AFS financial assets	**₱151,248,689**	₱171,131,537
Allowance for impairment losses on investment in an associate	**94,830,130**	94,830,130
Provision for legal obligation	**5,000,000**	5,000,000
Retirement benefit obligation	–	7,604,813
Deferred income tax asset recognized in OCI on retirement benefit obligation	–	2,354,013
	₱251,078,819	₱280,920,493

As of December 31, 2016, the Parent Company claimed the NOLCO as deduction from regular taxable income and MCIT against payment of regular income tax as follows:

NOLCO:

Year of Recognition	Availment Period	Beginning Balance	Application	Ending Balance
2013	2014-2016	₱586,604	(₱586,604)	₱–
2015	2016-2018	372,261	(372,261)	–
		₱958,865	(₱958,865)	₱–

MCIT:

Year of Recognition	Availment Period	Beginning Balance	Application	Ending Balance
2013	2014-2016	₱42,084	(₱42,084)	₱–
2014	2015-2017	54,405	(54,405)	–
2015	2016-2018	74,163	(74,163)	–
		₱170,652	(₱170,652)	₱–

17. **Equity**

a. Common Stock

In accordance with SRC Rule 68, as Amended (2011), Annex 68-D, below is a summary of the Group's track record of registration of securities.

	Number of shares registered	Issue/offer price	Date of approval
Common shares	1,000,000,000	₱0.01	December 8, 1982
Common shares	9,000,000,000	₱0.01	July 28, 1997

The details of the Group's capital stock (number of shares and amounts) are as follows:

	2016	2015
Common stock - ₱1 par value		
Class A		
Authorized - 600 million shares		
Issued - 292,610,118 shares	**₱292,610,118**	₱292,610,118
Class B		
Authorized - 400 million shares		
Issued - 189,217,535 shares	**189,217,535**	189,217,535
	₱481,827,653	₱481,827,653

Class A and B common stockholders enjoy the same rights and privileges, except that Class A shares may be owned by, transferred to and subscribed only by Filipino citizens or corporations, partnerships and associations organized under the laws of the Philippines, of which 60% of the common stock outstanding is owned by citizens of the Philippines. Class B shares may be issued, transferred or sold to any person, corporation, partnership or association regardless of nationality.

In 1979, the registrant listed with the PSE (or its predecessor, Manila Stock Exchange) its common stock under its previous name, Ultrana Energy and Resource Corporation, where it offered 1,000,000,000 shares to the public at the issue price of ₱0.01 per share.
On July 28, 1997, the SEC approved the increase in the Group's authorized capital stock from 10,000,000,000, divided into 6,000,000,000 Class A common shares with par value of ₱0.01 per share and 4,000,000,000 Class B common shares with par value of ₱0.01 per share to 1,000,000,000 common shares, divided into 600,000,000 Class A common shares with par value of ₱1 per share and 400,000,000 Class B common share with par value of ₱1 per share.

On November 26, 2000, the BOD approved the issuance, out of the authorized common stock, of 192,413,090 shares at ₱1 par value which will be offered through a pre-emptive stock rights issue and detachable stock warrants, as follows: (a) 96,206,545 shares consisting of

58,377,278 Class A shares and 37,829,267 Class B shares, to be offered in two tranches, the First Tranche consisting of 48,103,272 shares of stock and the Second Tranche consisting of 48,103,273 shares of stock, to which each stockholder may subscribe on a pre-emptive rights basis, and (b) the balance of 96,206,545 shares to be offered through detachable stock warrants, which shall entitle each stockholder to subscribe to one share of stock for every one share of stock of the same class that such stockholder subscribe to out of this stock rights issue.

The Group's application to list additional 192,413,090 common shares with a par value of ₱1 per share through pre-emptive rights issue and detachable subscription warrants was approved by the PSE on February 27, 2002 and by the SEC on April 5, 2002.

The exercise periods and expiration dates of the Group's subscription warrants are as follows:

	Number of Shares	Exercise Periods	Expiration Dates
First Tranche:			
Class A common shares	29,188,639	June 4, 2002 to	
Class B common shares	18,914,633	June 3, 2007	June 3, 2007
	48,103,272		
(Forward)			
Second Tranche:			
Class A common shares	29,188,639	May 9, 2003 to	
Class B common shares	18,914,634	May 8, 2008	May 8, 2008
	48,103,273		
	96,206,545		

Full payment of each subscription under the First Tranche was made within the offer period approved by the PSE and the SEC, and the full payment of each subscription under the second tranche shall be due and payable one year from the last day of the offer period. With the full subscription of the Pre-Emptive Rights Stock Offering, the Group's outstanding common stock increased to 481,032,728 common shares of stock, consisting of 291,886,391 Class A common shares and 189,146,337 Class B common shares, all with par value of ₱1 per share.

With the complete exercise of all Detachable Stock Warrants, the Group will have an outstanding common stock of 577,239,273 shares, consisting of 350,263,669 Class A common shares and 226,975,604 Class B common shares, all with par value of ₱1 per share. However, as of December 31, 2007, 723,727 Class A common stock warrants and 71,198 Class B common stock warrants were exercised and 28,464,912 Class A common stock warrants and 18,843,435 Class B common stock warrants expired. As of December 31, 2008, 29,188,639 Class A common stock warrants and 18,914,634 Class B common stock warrants expired due to non-exercise of stock warrants before expiration date. After the expiration of the said warrants, the Group's outstanding common stock amounted to ₱481,827,653 with additional paid-in capital of ₱144,759,977. There have been no movements since 2008.

The Parent Company has 483, 485 and 487 stockholders as of December 31, 2016, 2015 and 2014, respectively.

b. Treasury Shares

The Group's treasury shares pertains to shares of the Parent Company acquired or held by its subsidiaries. For consolidation purposes, the costs of these shares are presented under the "Treasury shares" account in the equity section of the consolidated statements of financial position. In 2015, PIEI purchased additional shares of the Parent Company. The cost to acquire 223,000 of Class A shares amounted to ₱0.7 million.

As of December 31, 2016 and 2015, the Group's treasury shares are as follows:

	Shares		Amount	
	2016	2015	**2016**	2015
Balance at beginning of year	**97,634,827**	97,411,827	**₱99,669,477**	₱98,942,697
Additions	**–**	223,000	**–**	726,780
Balance at end of year	**97,634,827**	97,634,827	**₱99,669,477**	₱99,669,477

c. Retained Earnings

Retained earnings is restricted to the extent of the acquisition price of the treasury shares amounting to ₱99.7 million as of December 31, 2016 and 2015. Retained earnings is also restricted to the extent of equity in net earnings of the associates not declared as dividends as of reporting date.

Following are the dividends declared and paid by the Parent Company in 2016 and 2015:

2016

Declaration date	**Record date**	**Payment date**	**Description**	**Dividend per share**	**Total amount**
July 28, 2016	**Aug. 22, 2016**	**Sept. 16, 2016**	**Regular**	**₱0.10**	**₱48,182,765**
July 28, 2016	**Sept. 21, 2016**	**Oct. 17, 2016**	**Regular**	**0.10**	**48,182,766**
					₱96,365,531

2015

Declaration date	Record date	Payment date	Description	Dividend per share	Total amount
May 7, 2015	June 3, 2015	June 30, 2015	Regular	₱0.10	₱48,182,765
May 7, 2015	Aug. 3, 2015	Aug. 30, 2015	Regular	0.10	48,182,766
					₱96,365,531

2014

Declaration date	Record date	Payment date	Description	Dividend per share	Total amount
May 28, 2014	June 20,2014	June 16, 2014	Regular	₱0.10	₱48,182,765
May 28, 2014	July 21, 2014	Aug. 11, 2014	Regular	0.10	48,182,765
					₱96,365,530

In 2016, 2015 and 2014, the dividends attributable to treasury shares amounted to ₱19.5 million, ₱19.4 million and ₱19.4 million, respectively.

Dividends payable amounted to ₱6.0 million and ₱3.4 million as of December 31, 2016 and 2015, respectively.

Equity share in the net earnings of subsidiaries are not available for dividend declaration.

18. Related Party Transactions

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

A summary of outstanding balances and transactions with related parties, net of allowance for impairment loss and presented under "Due from related parties" account, are as follows:

		Transactions during the year	Outstanding balances	Terms	Conditions
Associates:					
BPO					
Rent income	**2016**	**₱1,212,831**	**₱137,907**	30 days;	Unsecured;
	2015	1,212,831	18,338	noninterest-bearing	Unimpaired
Payroll services expense	**2016**	**51,195**	–	30 days;	Unsecured;
	2015	34,540	–	noninterest-bearing	Unimpaired
Dividends (see Note 8)	**2016**	**21,020,846**	**21,020,846**	30 days;	Unsecured;
	2015	10,510,423	10,510,423	noninterest-bearing	Unimpaired
PTC					
Dividends (see Note 8)	**2016**	–	–	30 days;	Unsecured;
	2015	57,975,000	10,588,500	noninterest-bearing	Unimpaired
MUDC					
Advances	**2016**	–	–	30 days;	Unsecured;
	2015	1,400	2,111,891	noninterest-bearing	Impaired
Under common control:					
Other related parties					
Advances	**2016**	**1,599**	**286,242**	30 days;	Unsecured;
	2015	2,834	284,643	noninterest-bearing	Impaired
	2016		**₱21,444,995**		
	2015		23,513,795		

Movement in the allowance for impairment losses on due from related parties are as follows:

	2016	2015
Due from related parties - at gross	**₱210,242,519**	₱209,762,033
Less Allowance for impairment loss:		
Balances at beginning of year	**186,248,238**	186,637,885
Provision	**2,549,286**	–
Write-off	–	(389,647)
Balances at end of year	**188,797,524**	186,248,238
	₱21,444,995	₱23,513,795

Allowance for impairment loss is mainly attributable to advances to MUDC, among others.

Compensation of the key management personnel are as follows:

	2016	2015	2014
Salaries and wages	**₱7,675,079**	₱7,353,369	₱7,388,106
Other benefits	**1,331,840**	1,277,283	1,303,196
	₱9,006,919	₱8,630,652	₱8,691,302

19. Earnings per Share

The following table presents information necessary to compute the basic/dilutive EPS:

	2016	2015	2014
Net income attributable to equity holders of the parent	**₱133,940,563**	₱138,463,644	₱77,290,274
Weighted average number of ordinary shares outstanding for basic and diluted EPS	**384,192,826**	384,346,076	385,315,826
Basic and diluted earnings per share	**₱0.35**	₱0.36	₱0.20

The Group has no potential dilutive instruments issued as of December 31, 2016, 2015 and 2014.

20. Segment Information

The primary purpose of the Group is to invest in real and personal properties. The Group operates mainly in one reportable business segment which is investing and one reportable geographical segment which is the Philippines.

21. Commitments and Contingencies

a. The Group leases a portion of its condominium spaces. The Group recognized rental income amounting to ₱14.0 million, ₱12.8 million and ₱4.5 million in 2016, 2015 and 2014, respectively (see Note 12). As of December 31, 2016 and 2015, rent receivable amounted to ₱0.5 million and ₱0.6 million, respectively (see Note 7). The lease agreements have terms of one to two years and can be renewed upon the written agreement of the Group and the lessees. Deposit payable made by the tenants amounting to ₱1.5 million ₱1.6 million as of December 31, 2016 and 2015, respectively, will be returned to the lessees after the lease term (see Note 14).

b. As of December 31, 2016 and 2015, the Group has a provision for legal obligation amounting to ₱5.0 million, for claims arising from lawsuit filed by a third party, which is awaiting decision by the courts. Probable cost has been estimated in consultation with the Group's legal counsel. Management and its legal counsels believe that the Company has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions, if any, will not have material adverse impact on the Company's financial position and results of operations.

22. Financial Risk Management Objectives and Policies

Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It has also the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Financial Risk Management Objectives and Policies
The principal financial instruments of the Group consist of cash and cash equivalents, short-term investments included under "Prepayments and other current assets", financial assets at FVPL and AFS financial assets. The main purpose of these financial instruments is to place excess cash in income-earning investments. The Group has various other financial assets and liabilities such as receivables, due from related parties, accounts payable and accrued expenses and dividends payable which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk (i.e., interest rate risk, foreign currency risk and equity price risk). The Group's management reviews and approves policies for managing each of these risks and they are summarized below. The Group also monitors the market price risk arising from all financial instruments.

The magnitudes of these risks that have arisen over the year are discussed below.

Credit Risk
Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation.

The Group is exposed to credit risk primarily because of its investing and operating activities. The Group is exposed to credit risk arising from the counterparties (i.e., foreign currency denominated debt instruments, short-term investments, fixed income deposit and receivables) to its financial assets.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Group trades only with recognized and creditworthy third parties. For investments in bonds, funds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield and capital appreciation. Investments in equity securities represent investments in companies with good dividend track record, as well as capital appreciation. The investment portfolio mix between debt and equity is reviewed regularly by the Group's President and Treasurer.

With respect to credit risk arising from other financial assets of the Group, which consist of cash and cash equivalents, short-term investments, receivables, due from related parties and fixed income deposits, the Group's President and Treasurer monitor these financial assets on an ongoing basis with the result that the Group's exposure to impairment losses is not significant.

Credit risk exposures
At reporting date, the Group's maximum exposure to credit risk is equal to the carrying amount of cash and cash equivalents, short-term investments included under "Prepayments and other current assets", receivables, due from related parties, financial assets at FVPL and AFS financial assets recognized in the consolidated statements of financial position. The Group's financial assets are not covered by collateral from counterparties.

Credit risk concentration profile
The Group has no significant concentrations of credit risk.

Credit quality
As of December 31, 2016 and 2015, the credit qualities per class of financial assets are as follows:

2016

	Neither past due nor impaired		Past due but	Individually	
	High Grade	**Standard Grade**	**not impaired**	**impaired**	**Total**
Loans and receivables:					
Cash and cash equivalents*	**₱954,561,050**	**₱–**	**₱–**	**₱–**	**₱954,561,050**
Receivables	**8,216,827**	**–**	**–**	**857,369**	**9,074,196**
Due from related parties	**21,020,846**	**–**	**424,149**	**188,797,524**	**210,242,519**
Financial assets at FVPL	**83,025,754**	**–**	**–**	**–**	**83,025,754**
AFS financial assets	**401,874,992**	**–**	**–**	**3,127,676**	**405,002,668**
	₱1,468,699,469	**₱–**	**₱424,149**	**₱192,782,569**	**₱1,661,906,187**

**Excluding cash on hand*

2015

	Neither past due nor impaired		Past due but	Individually	
	High Grade	Standard Grade	not impaired	impaired	Total
Loans and receivables:					
Cash and cash equivalents*	₱965,624,140	₱–	₱–	₱–	₱965,624,140
Short-term investments	11,054,812	–	–	–	11,054,812
Receivables	8,397,430	–	–	845,378	9,242,808
Due from related parties	21,098,923	–	2,414,872	186,248,238	209,762,033
Financial assets at FVPL	62,352,318	–	–	–	62,352,318
AFS financial assets	406,138,176	–	–	3,127,676	409,265,852
	₱1,474,665,799	₱–	₱2,414,872	₱190,221,292	₱1,667,301,963

**Excluding cash on hand*

High grade financial assets
High grade receivables pertain to due from related parties and customers with good payment history. These receivables are considered to be of good quality and expected to be collectible without incurring any credit losses. Other high grade financial assets reflect the investment grade quality of the investments and/or counterparty and realizability is thus assured.

Standard grade financial assets
Receivables from customers that slide beyond the credit terms are classified under standard grade. Other standard grade financial assets are considered moderately realizable. There are no standard grade financial assets as of December 31, 2016 and 2015.

Impairment assessment
The main considerations for impairment assessment include whether any payments are overdue or if there are any known difficulties in the cash flows of the counterparties. The Group determines allowance for each significant receivable on an individual basis. Among the items that the Group considers in assessing impairment is the inability to collect from the counterparty based on the contractual terms of the receivables. Receivables included in the specific assessment are nonmoving accounts receivable, accounts of defaulted companies and accounts from closed companies.

Liquidity Risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due and this is done by primarily investing in highly liquid investments and maintaining a significant amount of cash and cash equivalents and pre-terminable investments in its portfolio.

The following table summarizes the maturity profile of the Group's financial liabilities as of December 31, 2016 and 2015 based on contractual undiscounted cash flows. The table also analyzes the maturity profile of the Group's financial assets in order to provide a complete view of the Group's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates.

2016

	On demand	Within 1 year	More than 1 year	Total
Financial Assets:				
Loans and receivables				
Cash and cash equivalents	**₱207,473,275**	**₱748,907,066**	**₱**	**₱956,380,341**
Receivables	**8,216,827**	–	–	**8,216,827**
Due from related parties	**21,444,995**	–	–	**21,444,995**
Financial assets at FVPL	**83,025,754**	–	–	**83,025,754**
AFS financial assets	**401,874,992**	**21,969,464**		**423,844,456**
Total financial assets	**₱722,035,843**	**₱770,876,530**	**₱–**	**₱1,492,912,373**
Financial Liabilities:				
Accounts payable and accrued expenses*	**₱3,823,035**	–	–	**₱3,823,035**
Dividends payable	**6,006,566**	–	–	**6,006,566**
Total financial liabilities	**₱9,829,601**	**₱–**	**₱–**	**₱9,829,603**

**Excluding statutory payables*

2015

	On demand	Within 1 year	More than 1 year	Total
Financial Assets:				
Loans and receivables				
Cash and cash equivalents	₱164,395,383	₱802,977,068	₱–	₱967,372,451
Short-term investments	–	11,201,574	–	11,201,574
Receivables	8,397,430	–	–	8,397,430
Receivable from related parties	23,513,795	–	–	23,513,795
Financial assets at FVPL	62,352,318	–	–	62,352,318
AFS financial assets	406,138,176	–	–	432,325,596
Total financial assets	₱690,984,522	₱814,178,642	₱–	₱1,505,163,164
Financial Liabilities:				
Accounts payable and accrued expenses*	₱3,352,845	₱–	₱–	₱3,352,845
Dividends payable	3,418,416			3,418,416
Total financial liabilities	₱6,771,261	₱–	₱–	₱6,771,261

**Excluding statutory payables*

Market Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and equity prices. There has been no change in the Group's exposure to market risks or the manner in which it manages and measures the risk.

a. Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group derives majority of its revenue from interest-bearing placements and bonds. Accordingly, the Group is subject to financial risk arising from changes in interest rates. The Group manages interest rate risk by investing mainly on fixed coupon bonds and other investments. By doing so, the Group is assured of future interest revenues from such investments.

Since the Group invests on fixed coupon interest bonds and other investments, the Group is not exposed significantly to cash flow interest rate risk.

The following table demonstrates management's best estimate of the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax due to changes in fair values of AFS financial assets in debt securities (see Note 9):

	2016	2015
Change in interest rate (percentage)		
+10%	**₱27,448,547**	₱24,631,280
−10%	**(27,448,547)**	(24,631,280)

There is no other impact on equity other than those already affecting the income before income tax in profit or loss.

b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in foreign currencies.

In the normal course of business, the Group enters into transactions denominated in US dollar and other foreign currencies. As a result, the Group is subject to transaction and translation exposures resulting from currency exchange rate fluctuations. The Group regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign currency denominated assets.

Information on the Group's foreign currency denominated monetary assets and their Philippine peso equivalent as of December 31 are as follows:

		2016			2015		
	Currency	**Exchange Rate**	**Original Currency**	**Peso Equivalent**	Exchange Rate	Original Currency	Peso Equivalent
Cash							
	USD	**49.72**	**7,110,617**	**₱353,539,877**	47.06	5,726,001	₱269,465,607
	HKD	**6.420**	**89,075**	**571,862**	6.09	138,497	843,447
	SGD	**34.350**	**2,704**	**92,882**	–	–	–

(Forward)

	Currency	2016 Exchange Rate	2016 Original Currency	2016 Peso Equivalent	2015 Exchange Rate	2015 Original Currency	2015 Peso Equivalent
Receivables							
	USD	**49.720**	**112,164**	**₱5,576,794**	47.06	116,008	₱5,459,336
	TRY	**14.060**	**20,720**	**291,323**	16.02	20,810	333,376
	BRL	**15.190**	**8,148**	**123,768**	12.12	8,148	98,754
Financial assets at FVPL							
	USD	**49.720**	**680,777**	**33,848,232**	47.06	471,728	22,199,520
	HKD	**6.420**	**1,215,500**	**7,803,510**	6.09	1,112,260	6,773,663
	EUR	**51.840**	**76,100**	**3,945,024**	51.74	79,710	4,124,195
AFS financial assets							
	USD	**49.72**	**6,033,473**	**299,984,278**	47.06	5,337,027	251,160,491
	BRL	**15.190**	**503,625**	**7,650,064**	12.12	480,675	5,825,781
	TRY	**14.060**	**260,304**	**3,659,874**	16.02	243,612	3,902,664
	HKD	**6.420**	**2,779,434**	**17,843,966**	–	–	–
	SGD	**34.350**	**159,216**	**5,469,070**	–	–	–
				₱740,400,524			₱570,186,834

The Group has no foreign currency denominated monetary liabilities as of December 31, 2016 and 2015.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates based on past foreign currencies exchange rates and macroeconomic forecasts for 2016, with all other variables held constant, of the Group's 2016 and 2015 income before income tax.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for the following percentage change in foreign currency rates:

2016

Original Currency	**Percentage**	**Effect on income before tax: Strengthened**	**Effect on income before tax: Weakened**
US dollar	**5%**	**₱34,647,458**	**(₱34,647,458)**
Hong Kong dollar (HKD)	**5%**	**1,310,967**	**(1,310,967)**
Brazil real (BRL)	**5%**	**388,692**	**(388,692)**
Singaporean (SGD)	**5%**	**278,098**	**(278,098)**
Turkish lira (TRY)	**5%**	**197,560**	**(197,560)**
E.M.U. euro (EUR)	**5%**	**197,251**	**(197,251)**

2015

Original Currency	Percentage	Effect on income before tax: Strengthened	Effect on income before tax: Weakened
US dollar	5%	₱27,414,248	(₱27,414,248)
Hong Kong dollar (HKD)	5%	380,856	(380,856)
Brazil real (BRL)	5%	296,227	(296,227)
Turkish lira (TRY)	5%	211,802	(211,802)
E.M.U. euro (EUR)	5%	206,210	(206,210)

There is no other impact on the Group's equity other than those already affecting the profit or loss.

c. Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stocks. The equity price risk exposure arises from the Group's financial assets at FVPL and investments in AFS equity securities. For investments in Philippine equities, majority of funds are invested in equities listed in the PSE.

The Group measures the sensitivity of its equity securities by using PSE, NYSE and HKEx indices fluctuations and its effect to respective share prices.

The following table demonstrates the sensitivity to a reasonably possible change in the equity price based on past price performance and macroeconomic forecast for 2016 and 2015, with all other variables held constant, of the Group's income before income tax and equity:

Effect on income before income tax:

	2016	2015
Financial assets at FVPL:		
Change in stock market index (%)		
+10%	**₱8,302,575**	₱6,235,232
–10%	**(8,302,575)**	(6,235,232)

There is no other impact on the Group's equity other than those already affecting the income before income tax.

Effect on equity:

	2016	2015
Investment in equity securities (AFS):		
Change in club share prices (%)		
+10%	**₱3,246,431**	₱6,468,530
–10%	**(3,246,431)**	(6,468,530)

23. **Fair Value of Financial Instruments**

Set out below is a comparison, by class, of the carrying amount, and fair value of the Group's financial instrument, other than those with carrying amount that are reasonable approximation of fair values:

	2016		2015	
	Carrying Amount	**Fair Values**	Carrying Amount	Fair Values
Financial Assets				
Current:				
Financial assets at FVPL	**₱83,025,754**	**₱83,025,754**	₱62,352,318	₱62,352,318
AFS financial assets	**66,753,263**	**66,753,263**	4,902,099	4,902,099
Noncurrent:				
AFS financial assets	**240,196,519**	**240,196,519**	306,095,992	306,095,992
	₱389,975,536	**₱389,975,536**	₱373,350,409	₱373,350,409

The Group has determined that the carrying amounts of cash and cash equivalents, short-term investments, receivables, due from related parties and accrued expenses and other liabilities and dividends payable, based on their notional amounts, reasonably approximate their fair values because these are short-term in nature.

Fair values of financial assets at FVPL and quoted AFS financial assets are based on price quotations at the reporting date. These financial instruments are classified as Level 1 in the fair value hierarchy.

As of December 31, 2016 and 2015, there were no transfers between Level 1 and Level 2 fair value measurements. Also, there were no transfers into and out of Level 3 fair value measurements.

24. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure, which pertains to its equity, and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The total core capital considered by the Group as of December 31, 2016 and 2015 are as follows:

	2016	2015
Common stock	**₱481,827,653**	₱481,827,653
Additional paid-in capital	**144,759,977**	144,759,977
Retained earnings	**1,296,094,095**	1,238,994,327
Treasury shares	**(99,669,477)**	(99,669,477)
Total core capital	**₱1,823,012,248**	₱1,765,912,480

25. Note to Consolidated Statements of Cash Flows

In 2016 and 2015 the Parent Company paid deposits on contracts amounting to ₱23.5 million and ₱30.9 million, respectively, for purchase of condominium units to be used as investment property. Deposits on contracts is presented as part of "Other noncurrent assets" in the statement of financial position.

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and the Stockholders
F & J Prince Holdings Corporation
5th Floor, Citibank Center
8741 Paseo de Roxas
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of F & J Prince Holdings Corporation and its subsidiaries as at December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016, included in this Form 17-A and have issued our report thereon dated April 11, 2017. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
SEC Accreditation No. 1414-AR-1 (Group A),
March 2, 2017, valid until March 1, 2020
Tax Identification No. 219-674-288
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January 31, 2017, valid until January 30, 2020
PTR No. 5908703, January 3, 2017, Makati City

April 11, 2017

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
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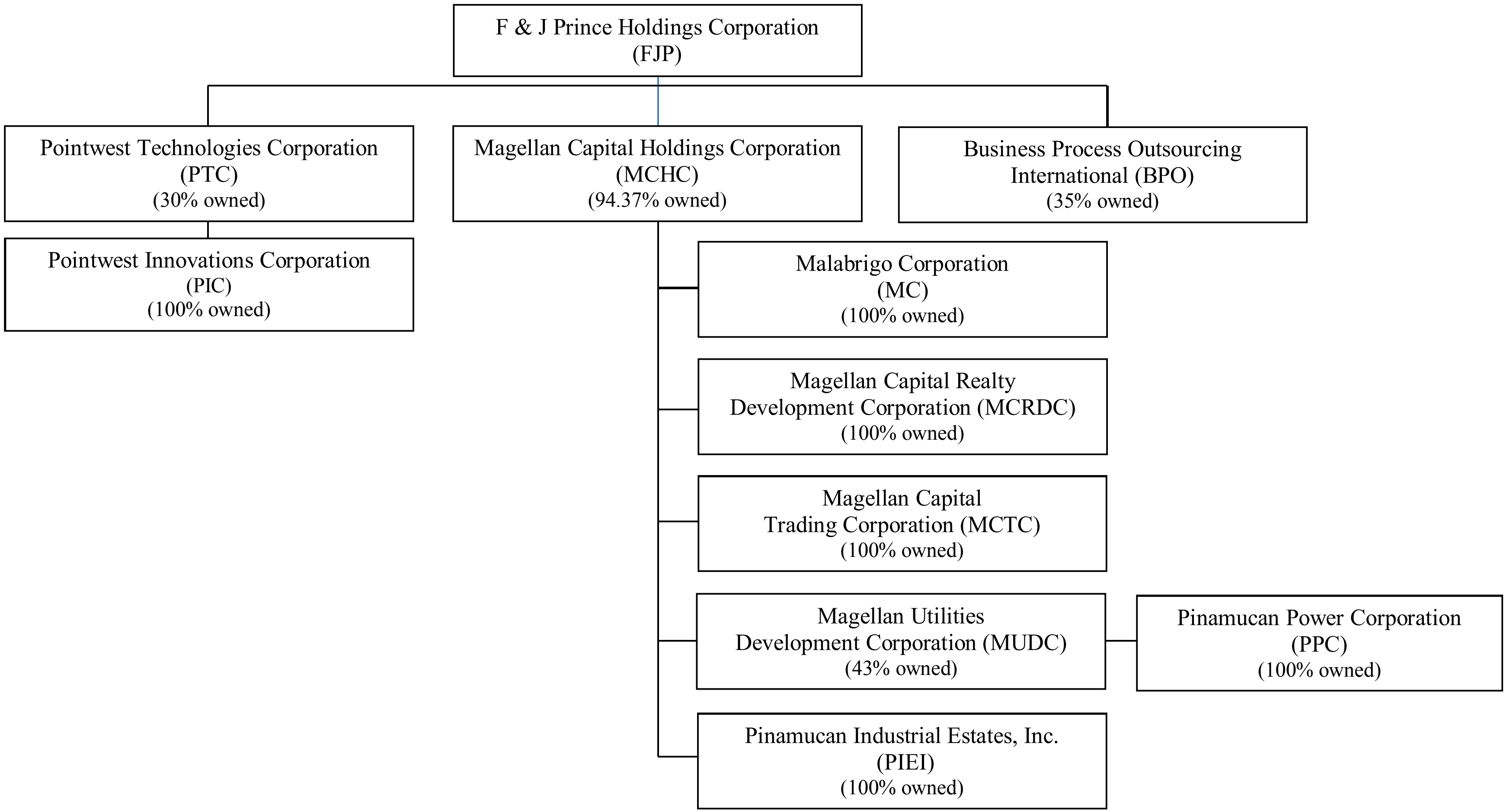
DECEMBER 31, 2016

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONGLOMERATE MAP

December 31, 2016



F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATOR
December 31, 2016

	2016	2015
LIQUIDITY ANALYSIS RATIO:		
Current assets	**₱1,149,540,048**	₱1,091,896,490
Current liabilities	**21,092,382**	15,565,328
Current Ratio	**54.50**	70.15
Current assets less prepayments and other current assets	**₱1,134,010,889**	₱1,064,798,782
Current liabilities	**21,092,382**	15,565,328
Quick Ratio	**53.76**	68.41
Total assets	**₱1,973,753,264**	₱1,872,435,278
Total liabilities	**35,134,644**	32,780,425
Solvency Ratio	**56.18**	57.12
FINANCIAL LEVERAGE RATIO:		
Total liabilities	**₱35,134,644**	₱32,780,425
Total assets	**1,973,753,264**	1,872,435,278
Debt Ratio	**0.02**	0.02
Total liabilities	**₱35,134,644**	₱32,780,425
Total equity	**1,938,618,620**	1,839,654,853
Debt-to-Equity Ratio	**0.02**	0.02
Interest Coverage	**N/A**	N/A
Total assets	**₱1,973,753,264**	₱1,872,435,278
Total equity	**1,938,618,620**	1,839,654,853
Asset to Equity Ratio	**1.02**	1.02
PROFITABILITY RATIO:		
Gross Profit Margin	**N/A**	N/A
Net income	**₱136,522,567**	₱139,641,302
Revenues and income	**177,267,899**	183,450,176
Net Profit Margin	**0.77**	0.76
Net income	**₱136,522,567**	₱139,641,302
Total assets	**1,973,753,264**	1,872,435,278
Return on Assets	**0.07**	0.07
Net income	**₱136,522,567**	₱139,641,302
Total equity	**1,938,618,620**	1,839,654,853
Return on Equity	**0.07**	0.08
Current share price	**₱5.40**	₱5.705
Earnings per share	**0.35**	0.36
Price/Earnings Ratio	**15.43**	15.85

F & J PRINCE HOLDINGS CORPORATION

SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

December 31, 2016

Unappropriated retained earnings, beginning		₱319,672,111
Net income during the year closed to retained earnings	₱69,707,555	
Less: *Non-actual/unrealized income net of tax*		
Fair value gain on financial assets at FVPL	(2,161,647)	
Net unrealized foreign exchange gains other than cash and cash equivalents	(858,372)	
Net income actual/realized	66,687,536	
Less: Dividend declaration	(96,365,531)	(29,677,995)
Unappropriated retained earnings, as adjusted, ending		289,994,116
Less capital stock		481,827,653
Excess of capital stock retained earnings available for dividend declaration		(₱191,833,537)

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS
December 31, 2016

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		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				✓
Philippine Financial Reporting Standards				
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			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Sharebased Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
	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*		✓	
	Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in PFRS 9*			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments*		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*		✓	
	Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of PFRS 9			✓
	Amendment to PFRS 9, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition*			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, 12 and PAS 27: Consolidation for investment entities			✓
	Amendments regarding the sale or contribution of assets between investor and its associate or joint venture			✓
	Amendments regarding the application of the consolidation exception			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements			✓
	Amendments regarding the accounting for acquisitions of an interest in a joint operation			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments regarding the application of the consolidation exception	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers*			✓
Philippine Accounting Standards				
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	✓		
	Amendments resulting from the 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	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
	Amendments regarding the clarification of acceptable methods of depreciation and amortization			✓
	Amendments bringing bearer plants into the scope of PAS 16			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
PAS 19 (Amended)	Amendments to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service*			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
PAS 28	Investments in Associates	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture*			✓
PAS 28 (Amended)	Amendments regarding the application of the consolidation exception*			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 32	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			✓
	Amendments to PAS 32: Financial Instruments Assets and Liability Offsetting			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Impairment of assets Recoverable amount disclosures	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments regarding the clarification of acceptable methods of depreciation and amortization			✓
PAS 39	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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 39	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Financial Instruments: Recognition and Measurement - Novation of Derivatives and Hedge Accounting			✓
	Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in PAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when PFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception*			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
IFRIC 14	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			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

**Standards and interpretations which will become effective subsequent to December 31, 2016.*

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

Name of Issuing Entity and Association of Each Issue	No. of Shares or Principal Amount of Bonds & Notes	Amount Shown in Statement of Financial Position	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial Asset at FVPL:				
Berkshire Hathaway	2,250 shares	₱18,232,573	₱18,232,573	₱–
Oriental Petroleum B	1,260,888,642 shares	13,869,775	13,869,775	–
Goldman Sachs Group	605 shares	7,202,800	7,202,800	52,690
Ayala Land	144,000 shares	4,593,600	4,593,600	34,272
Sanofi	1,000 shares	3,945,054	3,945,054	109,324
HSBC Holdings	1,723 shares	3,442,122	3,442,122	163,273
Ayala Corporation	4,078 shares	2,978,979	2,978,979	23,490
Philex Mining Corporation	335,323 shares	2,867,012	2,867,012	10,060
Meralco	10,154 shares	2,686,748	2,686,748	254,530
Dongfeng Motor Group	50,000 shares	2,430,424	2,430,424	63,395
Calata Corporation	560,000 shares	1,265,600	1,265,600	–
Ayala Land - preferred shares	14,400 shares	14,400	14,400	684
Ayala Corporation - preferred shares	2,110 shares	2,110	2,110	40
Others	344,908 shares	19,494,557	19,494,557	465,343
TOTAL		**₱83,025,754**	**₱83,025,754**	**1,177,101**
AFS Financial Assets:				
Yuzhou Properties	$700,000	₱36,224,003	₱36,224,003	₱3,032,907
Petron Corporation	₱35,000,000	35,839,457	35,839,457	2,254,266
Shui On Dev Holding (5192020)	$486,000	24,468,511	24,468,511	2,227,307
Country Garden Holding	$400,000	20,888,168	20,888,168	1,443,426
ABJA	$400,000	19,753,673	19,753,673	646,196
ESKOM Holdings	$400,000	18,847,530	18,847,530	619,844
Shui On Dev Holding (5192018)	$350,000	18,315,605	18,315,605	1,476,398
Petrobas GBL Finance	$350,000	15,436,360	15,436,360	239,713
Alfa Bank	$300,000	14,930,916	14,930,916	749,620
CK Hutchison Holdings Ltd	20,520 shares	11,581,970	11,581,970	321,228
Melrose Park	–	11,242,625	11,242,625	–
Vimpelcom	$200,000	10,973,204	10,972,204	795,945
Fixed-rate treasury notes	₱8,000,000	10,799,319	10,799,319	–
1st Pacific France	$200,000	10,647,637	10,647,637	467,731
Agile Property	$200,000	10,064,123	10,064,123	756,468
CEMEX Finance	$200,000	10,180,170	10,180,170	327,763
Emirate NBD Tier 1	$200,000	10,031,507	10,031,507	556,923
Central China Real Estate	RMB200,000	9,338,348	9,338,348	787,887
Elektrobas	$200,000	9,176,700	9,176,700	202,804
Morgan Stanley	BRL510,000	7,648,503	7,648,503	600,200
Toyota Motors Corporation	1,290 shares	7,347,741	7,347,741	195,137
Cheung Kong Properties Holding	20,520 shares	6,265,331	6,265,331	177,618

Name of Issuing Entity and Association of Each Issue	**No. of Shares or Principal Amount of Bonds & Notes**	**Amount Shown in Statement of Financial Position**	**Value Based on Market Quotations at Balance Sheet Date**	**Income Received and Accrued**
Venezuela	$100,000	6,145,549	6,145,549	405,630
PBCE Reg	$200,000	6,072,055	6,072,055	599,434
Bank of East Asia	$100,000	5,589,870	5,589,870	409,334
EMTN World Bank	$237,000	3,362,120	3,362,120	238,791
Others		50,703,997	50,703,997	4,098,956
TOTAL		**₱401,874,992**	**₱401,874,992**	**₱23,631,526**

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES) FOR THE YEAR ENDED DECEMBER 31, 2016

Name and Designation	Beginning Balance	Additions	Deductions	Current	Non-current	Ending Balance
Pointwest Technologies Corporation (PTC)	₱10,588,500	₱–	₱10,588,500	₱–	₱–	₱–
Business Process Outsourcing, International (BPO)	10,528,761	22,233,677	11,603,685	21,158,753	–	21,158,753
Magellan Utilities Development Corporation (MUDC)	2,111,891	–	2,111,891	–	–	–
Other related parties	284,643	1,599	–	286,242	–	286,242
	₱23,513,795	₱22,235,276	₱24,304,076	₱21,444,995	₱–	₱21,444,995

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Name and Designation	Beginning Balance	Additions	Deductions	Current	Non-Current	Ending Balance
Pinamucan Industrial Estates, Inc. (PIEI)	₱2,223,705	₱–	₱2,223,705	₱–	₱–	₱–
Other related parties	–	–	–	–	–	–
	₱2,223,705	₱–	₱2,223,705	₱–	₱–	₱–

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE D- INTANGIBLE ASSETS-OTHER ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

Description	Beginning Balance	Additions	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes Additions (Deductions) Non-Current	Ending Balance
		NOT APPLICABLE				

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE E- LONG-TERM DEBT
FOR THE YEAR ENDED DECEMBER 31, 2016

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Long-Term	Remarks
	NOT APPLICABLE			

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE F – INDEBTEDNESS TO AFFILIATES AND RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
FOR THE YEAR ENDED DECEMBER 31, 2016

Name of Affiliate	Beginning Balance	Ending Balance
	NOT APPLICABLE	

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS
FOR THE YEAR ENDED DECEMBER 31, 2016

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is FILED	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which this Statement is FILED	Nature of Guarantee
	NOT APPLICABLE			

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE H- CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2016

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and other Rights	Number of Shares Held By		
				Related Parties and Affliates	Directors Officers and Employees	Others
Common Stock P 1 par value						
Class “A”	600,000,000	292,610,118	–	137,209,099	42,336,833	113,064,186
Class “B”	400,000,000	189,217,535	–	177,523,049	104,681	11,589,805
No. of Shares Outstanding		**481,827,653**	–	**314,732,148**	**42,441,514**	**124,653,991**

F & J Prince Holdings Corporation

2017
First Quarter
Unaudited Financial Report

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 **31 March 2017**

2. SEC Identification Number **43370** 3. BIR Tax Identification No. **000-829-097**

4. *F & J Prince Holdings Corporation*
Exact name of registrant as specified in its charter

5. **Philippines**
Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] **(SEC Use Only)**

7. **5th Floor, Citibank Center Building**
8741 Paseo de Roxas, Makati City **1226**
Address of principal office Postal Code

8. **(632) 892-7133**
Registrant's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

TITLE OF CLASS	NUMBER OF SHARES OF COMMON STOCK OUTSTANDING AND AMOUNT OF DEBT OUTSTANDING
Class "A" Common	292,610,118 Shares
Class "B" Common	189,217,535 Shares

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

Yes [✓] No [ ]

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

Philippine Stock Exchange	**Common Shares, Class “A” and “B”**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and RSA Rule 17(2)-(b) thereunder and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 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 90 days.

Yes [✓] No [ ]

PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The following financial statements, presented in a comparative format, are submitted:

(1) Unaudited Consolidated Interim Balance Sheet as of 31 March 2017 and Audited Consolidated Balance Sheet as of 31 December 2016 as Annex "A";

(2) Unaudited Interim Statement of Income and Retained Earnings for the three (3) month period ending 31 March 2017 and the three (3) month period ending 31 March 2016 as Annex "B";

(3) Unaudited Interim Statement of Changes in Stockholders' Equity for the three (3) months ending 31 March 2017 and 31 March 2016 and Audited Statement of Changes in Stockholders' Equity for the year ending 31 December 2016 as Annex "C";

(4) Unaudited Interim Cash Flow Statement for the three (3) month period ending 31 March 2017 and the three (3) month period ending 31 March 2016 as Annex "D";

(5) Interim Cash Flow for the quarterly periods ending 30 June 2016 and 30 September 2016 Audited Cash Flow Statement for the year ended 31 December 2016 as Annex "E";

(6) Consolidated Balance Sheet as of 31 March 2017 and 31 December 2016 with vertical and horizontal percentage analysis as Annex "F".

ITEM 2. MANAGEMENTS DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

(1) Management's Discussion and Analysis

The Registrant's consolidated revenue in 2016 decreased by 3.4% to ₱177.3 million from ₱183.5 million in 2015. Equity in net earnings of associates decreased by 30% from ₱105.4 million in 2015 to ₱72.9 million in 2016 as Pointwest experienced lower earnings as operating margins dropped at some major accounts. Interest income slightly increased from ₱39.2 million in 2015 to ₱40 million in 2016 as interest levels have stabilized. A net foreign exchange gain of ₱36.6 million was recorded in 2016 as the Peso continues to decline against foreign currencies which benefitted the foreign exchange denominated bonds and other securities hold by the Registrant and its subsidiary. Rent increased from ₱12.8 million in 2015 to ₱14.0 million in 2016 due to escalation of rental rates and the leasing out of additional condominium office units acquired in 2016. Gain on disposal of AFS, HTM and FVPL Financial Assets of ₱5.4 million was recorded in 2016 against ₱1.5 million in 2015. Dividend income increased from ₱1.5 million in 2015 to ₱1.9 million in 2016.

Total consolidated expenses of the Registrant decreased to ₱33.3 million in 2016 compared to ₱35.3 million in 2015.

As a result of the above, total consolidated income before tax in 2016 totaled ₱144.1 million compared to ₱148.2 million in 2015. After provision for income tax, total consolidated net income after tax totaled ₱136.5 million in 2016 compared to ₱139.6 million in 2015 or a decrease of 2%.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totalled ₱2.6 million in 2016 compared to ₱1.2 million in 2015.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2016, the Registrant's consolidated cash and cash equivalent totaled over ₱954.6 million which was lower than the level of ₱965.6 million as of December 31, 2015 due to additional investment in properties. The Registrant and its subsidiary is planning to undertake development of MCHC's land in Fort Bonifacio into an income producing building as well as to acquire income producing properties as well as additional land for development. The Registrant and its subsidiary are debt free with total consolidated liabilities of ₱35.1 million compared to ₱32.8 million in 2015 total equity amounted to ₱1.9 billion as of the end of 2016 compared to ₱1.8 billion in 2015.

The Registrant and its subsidiary and affiliates are substantially debt free except for MUDC which has loans and advances from its principal shareholders. The Registrant and its subsidiaries have more than enough cash resources to meet any expected requirements in the next twelve months. Consolidated cash and cash equivalents at the end of 2016 totalled ₱954.6 million compared to ₱965.6 million at the end of 2015 while total current assets totalled ₱1.2 billion at year-end 2016 compared to ₱1.1 billion at year-end 2015. Other than the normal fluctuation of the Peso exchange rate as well as the effect of the normal market fluctuations on the value of stock and bond holdings owned by the Registrant and its subsidiary, the Registrant is not aware of any trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in its liquidity increasing or decreasing in any material way. Likewise, the Registrant does not know of any trends, events or uncertainties that have or that are reasonably expected to have a material favorable or unfavorable impact on the revenues or income from continuing operations.

(a) Operating Results and Financial Condition for the First Quarter of 2017

(i) There are no known trends, demands, events or uncertainties that would have a material effect on the Issuer's liquidity.

(ii) There are no known or anticipated events that would trigger direct or contingent financial obligation that is material to the Company including any default or acceleration of any obligation.

(iii) There are no material off-balance sheet transaction, arrangements, obligations (including contingent obligations) and other relationship of the Company with unconsolidated entities or other persons created during first quarter of 2017 or in prior periods.

(iv) There are no material commitments for capital expenditures, by the Company or its majority owned subsidiary and equity in net earnings of association.

(v) There are no trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable impact on net revenues/income from continuing operations except for possible unrealized or realized foreign exchange gains from the dollar denominated investments of the Company and its majority owned subsidiary and unrealized gains on trading securities and equity in net earnings of associates. These are generally recognized in the year-end Audited Financial Statements except for realized foreign exchange gain which are reported in the period realized.

(vi) The Company did not realize any non-operating income in the first quarter of 2017 or in the first quarter of 2016 aside from unrealized gain on trading securities, gain on disposal of AFS/HTM investments and net unrealized foreign exchange gains.

The following is a detailed discussion of the Registrant's operations and financial condition during the first quarter of 2017 and first quarter of 2016.

Operating Results

Breakdown of Revenue for the Three Month Periods Ending March 31, 2017 and March 31, 2016 with Vertical and Horizontal Percentage Analysis:

(P000)	FIRST QUARTER MARCH 31, 2017	VERTICAL PERCENTAGE ANALYSIS MARCH 31, 2017	FIRST QUARTER MARCH 31, 2016	VERTICAL PERCENTAGE ANALYSIS MARCH 31, 2016	INCREASE (DECREASE) AMOUNT MARCH 31, 2016	INCREASE (DECREASE) PERCENTAGE MARCH 31, 2016
INTEREST INCOME						
From Banks	₱ 2,900	13.7%	₱ 3,025	24.5%	₱ (125)	(4.17%)
From Securities	5,135	24.3%	5,325	43.1%	(190)	(3.6%)
TOTAL	**8,035**	**38%**	**8,350**	**67.6%**	**(315)**	**(3.8%)**
Dividend Income	63	0.3%	31	0.3%	32	103%
Rent Income	5,334	25.3%	3,385	27.4%	1,949	57.8%
Unrealized Gain on Trading Securities	4,739	22.4%	287	2.3%	4,452	1,551%
Gains on Disposal of AFS/HTM	2,362	11.2%	-	-	2,362	100%
Net Unrealized FX Gain	93	0.4%	222	1.8%	(129)	(58%)
Other Income	486	2.3%	85	0.6%	401	371%
TOTAL	**₱ 21,112**	**100%**	**₱ 12,362**	**100%**	**₱ 8,750**	**70.8%**

Revenues. Consolidated Revenues, during the 3 month period ended March 31, 2017, totaled ₱21.1 million compared to the ₱12.4 million during the same 3 month period in 2016 or an increase of 70.8%. The higher revenue was partly due to higher unrealized gain on trading securities which increased from ₱0.3 million in the First Quarter of 2016 to ₱4.6 million in the First Quarter of 2017. In addition, there was a gain on disposal of AFS/HTM investment in the First Quarter of 2017 of ₱2.4 million compared to nil gain in the First Quarter of 2016 and an increase in rental income of ₱1.9 million in the First Quarter of 2017.

Expenses. Consolidated General and Administrative Expenses in the first quarter of 2017 totaled ₱9.1 million which was higher than the ₱6.1 million in the first quarter of 2016. Higher taxes and licenses accounted for most of the decrease which was due to 2016 taxes paid related to acquisition of additional property for investment.

Operating Income. As a result of the factors discussed above, consolidated operating income in first quarter 2017 totaled ₱12.0 million compared to ₱6.2million net income in the same period of 2016.

Net Income. Net income totaled ₱12.0 million during the first quarter of 2017 compared to net income of ₱6.2 million in the first quarter of 2016. The net income in the first quarter of 2017 attributable to shareholders of the Company totaled ₱11.4 million while ₱599,542 in net income was attributable to minority shareholders in the company's majority owned subsidiary Magellan Capital Holdings Corporation. In the first quarter of 2016, ₱5.9 million net income was attributable to shareholders of the company and ₱325,800 attributable to minority shareholders in the Registrant's subsidiary.

BALANCE SHEET ACCOUNTS

Annex "F" shows the Vertical and Horizontal Percentage Analysis of Balance Sheet Account for March 31, 2017 compared to December 31, 2016.

ASSETS

Current Assets. Consolidated current assets as of March 31, 2017 totaled ₱1,058.3 million compared to ₱1,149.5 million as of December 31, 2016. Most of the decrease was due to decrease in cash and cash equivalents as cash was used to purchase additional investment property.

Receivables from Related Parties. This account was nil at March 31, 2017, the same level as at year-end 2016.

Investments in Associates. This account which consists of investment in Pointwest Technologies Corporation and BPO International, Inc. remained unchanged from year-end 2016 to March 31, 2017 at ₱295.2 million as equity in net earnings of associates are taken up at year-end.

Available for Sale Investments. This account which consists mostly of corporate bonds increased to ₱383.5 million as of March 31, 2017 from ₱335.1 million at year-end 2016.

Property And Equipment. This account totaled ₱10.08 million as of March 31, 2017 compared to ₱10.5 million as of December 31, 2016 due to allowance for depreciation.

Investment in Property. This Account increased slightly to ₱235.4 million as of March 31, 2017 from ₱158.5 million due to investment in income producing property.

Other Non-Current Assets. This account totaled ₱1.5 million as of March 31, 2017 from ₱24.9 at year-end 2016 as payment for investment property were reclassified to the investment property accounts.

Total Assets. As a result of the foregoing, total assets increased slightly to ₱1,983.9 million as of March 31, 2017 from ₱1,973.8 million as of December 31, 2016.

LIABILITIES AND EQUITY

Current Liabilities. Current liabilities was at ₱20.8 million as of March 31, 2017 compared to ₱21.1 million at year-end 2016 due to lower dividends payable.

Non-Current Liabilities. Non-current liabilities which consists mostly of retirement benefits obligation was stable at ₱14.0 million as of March 31, 2017, the same level as at year-end 2016. The accrual of additional retirement benefit obligation is taken up at year-end based on actuarial studies commissioned at that time.

Stockholder's Equity*.* Total stockholder's equity increased to ₱1,949.1 million as of March 31, 2017 from ₱1,938.6 million at year-end 2016 due to the comprehensive net income of ₱10.4 million generated in the first quarter of 2017. Total equity attributable to stockholders of the company totaled ₱1,875.2 million at March 31, 2017 from ₱1,865.4 million at December 31, 2016 due to the comprehensive net income of ₱9.9 million attributable to stockholders of the company. Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was ₱73.8 million at March 31, 2017 compared to ₱73.2 million at December 31, 2016 due to their share of comprehensive income generated in the first quarter of 2017 of ₱0.6 million.

(a) Top Performance Indicators

The top five (5) performance indicators for the Company and its Subsidiary are as follows:

1) Change in revenues
2) Change in net income
3) Earnings per share
4) Current ratio
5) Book Value per share

Change in Revenues. Consolidated revenues in the first quarter of 2017 and 2016 are shown in Annex "B" and presented below in summary form:

(P 000)	1st Quarter-2017	Percentage (%)	1st Quarter-2016	Percentage (%)
Interest Income	₱ 8,035	38.1%	₱ 8,351	67.6%
Lease Rental Income	5,334	25.3%	3,386	27.4%
Dividend Income	63	0.3%	31	0.3%
Unrealized Gain on trading securities	4,739	22.4%	287	2.3%
Gain on Disposal/Redemption of AFS/HTM Investments	2,362	11.2%		
Net Unrealized FX Gain	93	0.4%	221	1.8%
Other Income	486	2.3%	86	0.6%
Total Income	**₱ 21,112**	**100%**	**₱ 12,362**	**100%**

Total revenue increased in the first quarter of 2017 to ₱21.1 million from ₱12.4 million in the first quarter of 2016. Higher gain on disposal/redemption of AFS/HTM investment and higher unrealized gain on trading securities and higher lease rental income accounted for most of the increase.

Change in Net Income. The income statement in the first quarter of 2017 and 2016 are shown in Annex "B" and summarized below:

(P 000)	1st Quarter-2017	Percentage (%)	1st Quarter-2016	Percentage (%)
Revenues	₱ 21,112	100%	₱ 12,362	100%
Expenses	9,085	43.0%	6,121	49.5%
Net Income	12,027	57%	6,241	50.5%
Attributable to:				
- Minority Interest	600	2.8%	326	2.6%
- Stockholders of Company	11,427	54.1%	5,915	47.9%

The Registrant realized a net income of ₱12.0 million in the first quarter of 2017 compared to ₱6.2 million in the first quarter of 2016. Net income of ₱11.4 million was attributable to stockholders of the company in the first quarter of 2017 compared to ₱5.9 million in the first quarter of 2016.

Earnings Per Share. The net income per share attributable to shareholders of the Company during the first quarter of 2017 was ₱0.03 per share compared to net income per share of ₱0.015 in the first quarter of 2016 due to the increase in net income generated in the first quarter of 2017.

Current Ratio. Current ratio as of March 31, 2017 was 50.9 X compared to 54.4 X as of December 31, 2016.

Book Value Per Share. Book value per share as of March 31, 2017 was ₱4.87 per share compared to ₱4.84 as of December 31, 2016.

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 .... *F & J Prince Holdings Corporation*

Principal Executive Officer

Signature and Title .... **ROBERT Y. COKENG, President**

Date .... **16 May 2017**

Principal Financial/Accounting Officer/Controller

Signature and Title........ **MARK RYAN K. COKENG, Treasurer**

Date .... **16 May 2017**

My Docs>F&J>2016 Files>SEC Form 17Q>
1st Quarter>1ST Quarter 31 March 2016

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2017 AND DECEMBER 31, 2016

ASSETS		UNAUDITED MARCH 31, 2017		AUDITED DEC. 31,2016
Current Assets				
Cash and cash equivalents	P	**878,041,212**	P	**954,570,050**
Financial assets at fair value through profit or loss		**92,698,318**		**83,025,754**
Convertible note receivable		0		0
Receivables-net :				
Advances to Officers & Employees		0		0
Interest Receivable		8,419,891		7,626,291
Dividends Receivable		21,020,846		21,020,846
Receivable from related parties		308,580		424,149
Others		1,723,987		1,447,905
Total Receivables		**31,473,304**		**30,519,191**
Allowance for impairment losses		857,369		857,369
Total Receivables-Net		**30,615,935**		**29,661,822**
Current portion of HTM investments		**0**		**0**
Current portion of AFS financial assets		**41,758,222**		**66,753,263**
Prepaid expenses & other current assets:				
Input Tax		14,132,914		14,709,226
Prepaid Income Tax		0		0
Others		1,076,544		819,933
Total Prepaid expenses and other current assets		**15,209,458**		**15,529,159**
Total Current Assets	P	**1,058,323,145**	P	**1,149,540,048**
Non-current Assets				
Receivables from related parties-net		**0**		**0**
Investments in associates		**295,148,551**		**295,148,551**
HTM investments-net of current portion		**0**		**0**
Available-for-sale (AFS) investments--net of current portion		**383,489,863**		**335,121,729**
Investment in property		**235,386,448**		**158,547,912**
Property and Equipment				
Building		20,755,943		20,755,943
Building Improvements		8,764,062		8,764,062
Transportation equipment		8,395,222		8,395,222
Furniture and fixtures		2,854,552		2,843,660
Total		40,769,779		40,758,887
Less: Accumulated depreciation		30,691,008		30,291,349
Net Book Value		**10,078,771**		10,467,538
Total Property and Equipment		**10,078,771**		**10,467,538**
Other non-current assets		**1,465,634**		**24,927,486**
Total Non-Current Assets		**925,569,267**		**824,213,216**
TOTAL ASSETS	P	**1,983,892,412**	P	**1,973,753,264**

LIABILITIES & STOCKHOLDERS' EQUITY		UNAUDITED MARCH 31, 2017		AUDITED DEC. 31, 2016
Current Liabilities				
Accounts Payable and accrued expenses				
Accounts payable-trade		0		0
Accounts payable-others		1,314,566		1,474,677
Withholding taxes payable		238,284		442,248
SSS Premium Payable		13,356		16,692
HDMF Premium Payable		2,096		2,096
Philhealth Premium Payable		6,500		6,750
Deposit Payable		2,084,763		1,507,524
Output Vat Payable		280,884		369,943
Accrued expenses		868,545		863,538
Total Accounts payable and accrued expenses	P	**4,808,994**	P	**4,683,468**
Dividends Payable		**5,470,016**		**6,006,566**
Income Tax Payable		**5,522,348**		**5,402,348**
Provision for legal obligation		**5,000,000**		**5,000,000**
Total Current Liabilities	P	**20,801,358**	P	**21,092,382**
Non-Current Liabilities				
Deferred income tax liabilities-net		**2,736,531**		**2,736,531**
Payable to related parties		**0**		**0**
Retirement benefit obligation)		**11,305,731**		**11,305,731**
Total Non-Current Liabilities		**14,042,262**		**14,042,262**
Stockholders' Equity				
Capital stock		**481,827,653**		**481,827,653**
Additional paid in capital		**144,759,977**		**144,759,977**
Treasury shares		**(99,669,477)**		**(99,669,477)**
Other Reserves		**17,090,116**		**18,686,502**
Actuarial loss on retirement benefit obligation		**(1,152,586)**		**(1,152,586)**
Accumulated share in other comprehensive income of associates		**24,861,485**		**24,861,485**
Retained earnings		**1,307,521,112**		**1,296,094,095**
Total Equity Attributable to Stockholders of the Company		**1,875,238,280**		**1,865,407,649**
Minority Interest		**73,810,512**		**73,210,971**
Total Stockholders' Equity		**1,949,048,792**		**1,938,618,620**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	P	**1,983,892,412**	P	**1,973,753,264**

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS PERIOD ENDING MARCH 31, 2017 AND MARCH 31, 2016

		UNAUDITED MARCH 31, 2017		UNAUDITED MARCH 31, 2016
REVENUES				
Interest Income				
From Banks	P	2,899,994	P	3,025,434
From Securities		5,135,340		5,325,338
Total Interest Income		**8,035,334**		**8,350,772**
Unrealized gains on trading securities		**4,738,641**		**286,954**
Rental Income		**5,333,904**		**3,385,613**
Gains on disposal /redemption of AFS/HTM investments		**2,362,190**		**0**
Dividend Income		**62,686**		**31,024**
Net unrealized foreign exchange gain		**92,962**		**221,515**
Other income		**486,313**		**85,811**
	P	**21,112,030**	**P**	**12,361,689**
EXPENSES				
Net foreign exchange loss		**300,770**		**0**
Amortization of unrealized losses on changes in fair value of AFS investments		**0**		**0**
Salaries, wages and employees' benefits		**2,573,116**		**2,646,033**
Depreciation		**1,767,288**		**1,490,040**
Professional fees		**270,255**		**371,183**
Condominium dues		**731,971**		**400,866**
Repairs and maintenance		**0**		**0**
Taxes and licenses		**2,549,928**		**543,446**
Entertainment, amusement and recreation		**18,180**		**106,319**
Unrealized loss on financial assets at FVPL		**0**		**99,027**
Others		**873,963**		**463,778**
		9,085,471		6,120,692
NET INCOME	P	12,026,559	P	6,240,997
NET INCOME ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	11,427,017	P	5,915,197
MINORITY INTERESTS		599,542		325,800
EARNINGS PER SHARE	P	0.0300	P	0.0150

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDING MARCH 31, 2017 AND MARCH 31, 2016

		UNAUDITED MARCH 31, 2017		UNAUDITED MARCH 31, 2016
NET INCOME	P	12,026,559	P	6,240,997
OTHER COMPREHENSIVE INCOME(LOSS)				
Changes in fair value of AFS investments		(1,596,386)		462,794
Amortization of unrealized losses on changes in fair value of AFS investments		-		-
Disposal of AFS investment				
Impairment loss on AFS investments				
Others				
		(1,596,386)		462,794
TOTAL COMPREHENSIVE INCOME(LOSS)	P	10,430,173	P	6,703,791
TOTAL COMPREHENSIVE INCOME(LOSS) ATTRIBUTABLE TO:				
STOCKHOLDERS OF THE COMPANY	P	9,908,664	P	6,368,601
MINORITY INTERESTS		521,509		335,190
	P	10,430,173	P	6,703,791

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "C"

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND MARCH 31, 2016 AND THE YEAR ENDED DECEMBER 31, 2016

		UNAUDITED MARCH 31, 2017	UNAUDITED MARCH 31, 2016		AUDITED DEC. 31, 2016
CAPITAL STOCK					
Balance at beginning of year	P	481,827,653P	481,827,653	P	481,827,653
Exercise of stock warrants					
Issuance of additional shares of stock					
Subscription of additional shares of stock					
Balance at end of period		481,827,653	481,827,653		481,827,653
ADDITIONAL PAID-IN CAPITAL		144,759,977	144,759,977		144,759,977
Treasury Shares		(99,669,477)	(99,669,477)		(99,669,477)
Other Reserves		17,090,116	19,783,902		18,686,502
Actuarial loss on retirement benefit obligation		(1,152,586)	(2,412,162)		(1,152,586)
Share in other comprehensive income of associates		24,861,485	(15,961,151)		24,861,485
SHARE IN REVALUATION INCREMENT ON LAND OWNED BY MCHC's SUBSIDIARIES					
RETAINED EARNINGS					
Balance at beginning of period		1,296,094,095	1,238,994,327		1,238,994,327
Net Income		11,427,017	5,915,197		133,940,563
Dividends declared					(76,840,795)
Balance at end of period		1,307,521,112	1,244,909,524		1,296,094,095
		1,875,238,280	1,773,238,266		1,865,407,649
Minority Interests		73,810,512	73,120,378		73,210,971
TOTAL STOCKHOLDERS' EQUITY	P	1,949,048,792 P	1,846,358,644	P	1,938,618,620

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

ANNEX "D"

F & J PRINCE HOLDINGS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDING MARCH 31, 2017 AND MARCH 31, 2016

		UNAUDITED MARCH 31, 2017		UNAUDITED MARCH 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income	P	11,427,017	P	5,915,197
Adjustments to reconcile net income to net cash provided by operating activities:				
Minority Interest		599,542		325,800
Depreciation and amortization		1,767,288		1,490,040
Amortization of unrealized loss/gain on FV of AFS inv.		(1,596,386)		462,794
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		(954,113)		(341,444)
Prepaid expenses and other current assets		319,701		(541,402)
Increase (decrease) in accounts payable and accrued expenses		125,527		(180,097)
Net cash provided by operating activities		11,688,576		7,130,888
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions/disposals of property and equipment		(10,892)		(5,710,713)
AFS/HTM investments and financial assets (FVPL)		(33,045,656)		(5,963,450)
Decrease (increase) in:				
Investment in property		(78,206,168)		0
Other assets		23,461,852		5,827,201
Net cash provided by (used in) investing activities		(87,800,864)		(5,846,962)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in:				
Dividends payable		(536,550)		0
Payable to related parties		0		0
Income tax payable		120,000		0
Net cash provided by (used in) financing activities		(416,550)		0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P	(76,528,838)	P	1,283,926
CASH AND CASH EQUIVALENTS, BEGINNING		954,570,050		965,633,140
CASH AND CASH EQUIVALENTS, ENDING	P	878,041,212	P	966,917,066

See accompanying Notes to Consolidated Financial Statements

Prepared by:

ARSENIO T. LIAO
Accountant

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTERS ENDING JUNE 30, 2016 AND SEPTEMBER 30, 2016

		UNAUDITED SEPTEMBER 30, 2016		UNAUDITED JUNE 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	P	64,083,821	P	16,327,963
Adjustments to reconcile net income to net cash provided by operating activities:				
Equity in net earnings in associate		(35,708,978)		
Minority interest		1,717,955		740,228
Depreciation and amortization		6,898,273		2,980,080
Unrealized loss/gain on changes in fair value of AFS/FVPL		1,211,824		79,774
Amortization of unrealized loss/gain on FV of AFS inv.		-		
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		21,220,877		21,427,124
Prepaid expenses and other current assets		1,174,283		1,646,385
Increase (decrease) in:				
Accounts payable and accrued expenses		2,146,594		(878,935)
Net cash provided by operating activities		62,744,649		42,322,619
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions/disposals of property and equipment		(8,071,046)		(5,710,713)
Investment in property		0		
AFS/HTM/other investments and financial assets (FVPL)		(9,460,216)		(20,900,260)
Decrease (increase) in:				
Receivables from related parties		0		0
Other assets		5,847,219		5,802,201
Net cash provided by (used in) investing activities		(11,684,043)		(20,808,772)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in:				
Cash dividends declared and paid		(48,182,765)		0
Deposit liability		0		0
Dividends payable		(4,500)		0
Income tax payable		(2,927,784)		(2,927,784)
Net cash provided by (used in) financing activities		(51,115,049)		(2,927,784)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P	**(54,443)**	P	**18,586,063**
CASH AND CASH EQUIVALENTS, BEGINNING		**965,633,140**		**965,633,140**
CASH AND CASH EQUIVALENTS, ENDING	P	**965,578,697**	P	**984,219,203**

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2016

ANNEX "E"
Page 2
Audited

CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax from continuing operations	P	144,093,931
Income (loss) from discontinued operations		
Adjustments for:		
Net unrealized foreign exchange losses (gains)		(28,279,422)
Fair value losses on financial assets at FVPL		(9,980,598)
Depreciation		6,088,819
Impairment loss on receivables and due from related parties		2,561,277
Loss on bank foreclosure		0
Gain on disposal of investment in subsidiary		
Dividend income		(1,906,263)
Equity in net losses (earnings) of associates		(72,929,014)
Interest income		(40,141,896)
Loss(gain) on disposal of property and equipment		-
Loss(gain) on disposal of financial assets at FVPL		(1,087,050)
Loss(gain) on disposal of AFS financial assets		(4,292,090)
Operating loss before working capital changes		(5,872,306)
Decrease (increase) in:		
Receivables		225,944
Receivable from related parties		(558,563)
Prepaid expenses and other current assets		11,568,549
Increase (decrease) in accounts payable and accrued expense		728,067
Increase (decrease) in retirement benefit obligation		1,269,716
Proceeds from disposal of :		
Financial assets at FVPL		4,703,538
AFS financial assets		91,635,132
Additions to:		
Financial assets at FVPL		(14,309,326)
AFS financial assets		(70,379,312)
Net cash flows used in operations		19,011,439
Dividends received		23,005,186
Interest received		41,152,604
Income taxes paid		(7,990,108)
Net cash flows from operating activities		75,179,121
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase(decrease) in other non-current assets		(23,075,362)
Increase(decrease) in property and equipment		(71,429)
Net cash flows from (used in) investing activities		(23,146,791)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid		(74,252,645)
Dividends to non-controlling interest		(4,087,673)
Net cash flows from financing activities		(78,340,318)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(11,063,090)**
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**15,244,898**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**965,633,140**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**P**	**954,570,050**

F& J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2017 AND DECEMBER 31, 2016

WITH VERTICAL AND HORIZONTAL PERCENTAGE ANALYSIS

	UNAUDITED3 MARCH 31, 2017	VERTICAL PERCENTAGE ANALYSIS MARCH 31, 2017	AUDITED DEC. 31,2016	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2016	INCREASE (DECREASE) AMOUNT MARCH 31, 2017	INCREASE (DECREASE) PERCENTAGE ANALYSIS MARCH 31, 2017
ASSETS						
Current Assets						
Cash and cash equivalents	878,041,212	44.26%	954,570,050	48.35%	(76,528,838)	-8.02%
Financial assets at fair value through fair value thru profit or loss (FVPL)	92,698,318	4.67%	83,025,754	4.21%	9,672,564	11.65%
Short-term investments	-	-	-	-	--	-
Receivables :						
Advances to Officers & Employees	0	0.00%	0	0.00%	0	0.00%
Interest Receivable	8,419,891	0.42%	7,626,291	0.39%	793,600	10.41%
Dividends Receivable	21,020,846	1.06%	21,020,846	1.07%	0	0.00%
Receivable from related parties	308,580	0.02%	424,149	0.02%	(115,569)	-27.25%
Others	1,723,987	0.08%	1,447,905	0.07%	276,082	19.07%
Total Receivables	31,473,304	1.58%	30,519,191	1.55%	954,113	3.13%
Allowance for impairment losses	857,369	-0.04%	857,369	-0.04%	0	0.00%
Total Receivables-Net	30,615,935	1.54%	29,661,822	1.51%	954,113	3.22%
Current portion of HTM investments	0	0.00%	0	0.00%	0	0.00%
Current portion of AFS investments	41,758,222	2.10%	66,753,263	3.38%	(24,995,041)	-37.44%
Prepaid expenses & other current assets:						
Others	1,076,544	0.05%	819,933	0.04%	256,611	31.30%
Input Tax	14,132,914	0.72%	14,709,226	0.75%	(576,312)	-3.92%
Prepaid Income Tax	0	0.00%	0	0.00%		0.00%
Total Prepaid expenses & other current assets	15,209,458	0.77%	15,529,159	0.79%	(319,701)	-2.06%
Total Current Assets	1,058,323,145	53.34%	1,149,540,048	58.24%	(91,216,903)	-7.94%
Non-current Assets						
Receivables from related parties	0	0.00%	0	0.00%	0	0.00%
Investments in associates	295,148,551	14.88%	295,148,551	14.95%	0	0.00%
HTM investments-net of current portion	0	0	0	0.00%	0	0.00%
Available -for-sale (AFS) investments	383,489,863	19.34%	335,121,729	16.99%	48,368,134	14.43%
Investment in properties	235,386,448	11.86%	158,547,912	8.03%	76,838,536	48.46%
Property and Equipment						
Building	20,755,943	1.06%	20,755,943	1.05%	0	0.00%
Building Improvements	8,764,062	0.44%	8,764,062	0.44%	0	0.00%
Transportation equipment	8,395,222	0.42%	8,395,222	0.43%	0	0.00%
Furniture and fixtures	2,854,552	0.14%	2,843,660	0.14%	10,892	0.38%
Total Property and Equipment	40,769,779	2.06%	40,758,887	2.06%	10,892	0.03%
Less: accumulated depreciation	30,691,008	-1.55%	30,291,349	-1.53%	399,659	1.32%
Net Book Value	10,078,771	0.51%	10,467,538	0.53%	(388,767)	-3.71%
Total Property and Equipment	10,078,771	0.51%	10,467,538	0.53%	(388,767)	-3.71%
Deferred income tax assets-net	0	0.00%	0	0.00%	0	0.00%
Other Assets – net	1,465,634	0.07%	24,927,486	1.26%	(23,461,852)	-94.12%
Total Non-Current Assets	925,569,267	46.66%	824,213,216	41.76%	101,356,051	12.30%
TOTAL ASSETS	1,983,892,412	100.00%	1,973,753,264	100.00%	10,139,148	0.51%

	UNAUDITED MARCH 31, 2017	VERTICAL PERCENTAGE ANALYSIS MARCH 31, 2017	AUDITED DEC. 31,2016	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2016	INCREASE (DECREASE) AMOUNT MARCH 31, 2017	INCREASE (DECREASE) PERCENTAGE ANALYSIS MARCH 31, 2017
LIABILITIES & STOCKHOLDERS' EQUITY						
Current Liabilities						
Accounts Payable and accrued expenses						
Accounts payable-trade	0	0.00%	0	0.00%	0	0.00%
Accounts payable-others	1,314,566	0.06%	1,474,677	0.08%	(160,111)	-10.86%
Withholding taxes payable	238,284	0.01%	442,248	0.02%	(203,964)	-46.12%
SSS Premium Payable	13,356	0.00%	16,692	0.00%	(3,336)	-19.99%
HDMF Premium Payable	2,096	0.00%	2,096	0.00%	0	0.00%
Philhealth Premium Payable	6,500	0.00%	6,750	0.00%	(250)	-3.70%
Deposit Payable	2,084,763	0.11%	1,507,524	0.08%	577,239	38.29%
Output Vat Payable	280,884	0.01%	369,943	0.02%	(89,059)	-24.07%
Accrued expenses	868,545	0.04%	863,538	0.04%	5,007	0.58%
Total Accounts payable & accrued expenses	4,808,994	0.23%	4,683,468	0.24%	125,526	2.68%
Dividends Payable	5,470,016	0.28%	6,006,566	0.30%	(536,550)	-8.93%
Income Tax Payable	5,522,348	0.28%	5,402,348	0.27%	120,000	2.22%
Provision for legal obligation	5,000,000	0.26%	5,000,000	0.25%	0	0.00%
Total Current Liabilities	20,801,358	1.05%	21,092,382	1.07%	(291,024)	-1.38%
Non-Current Liabilities						
Deferred tax liabilities-net	2,736,531	0.14%	2,736,531	0.14%	0	0.00%
Payable to related parties	0	0.00%	0	0.00%	0	0.00%
Retirement benefit obligation	11,305,731	0.58%	11,305,731	0.57%	0	0.00%
Total Non-Current Liabilities	14,042,262	0.72%	14,042,262	0.71%	0	0.00%
Stockholders' Equity						
Capital stock	481,827,653	24.28%	481,827,653	24.41%	0	0.00%
Additional paid in capital	144,759,977	7.30%	144,759,977	7.33%	0	0.00%
Other reserves	17,090,116	0.86%	18,686,502	0.95%	(1,596,386)	-8.54%
Actuarial loss on retirement obligation	(1,152,586)	-0.06%	(1,152,586)	-0.06%	0)	0.00%
Accumulated share in OCI of associates	24,861,485	1.25%	24,861,485	1.26%	0)	0.00%
Treasury shares	(99,669,477)	-5.02%	(99,669,477)	-5.05%	0)	0.00%
Retained earnings	1,307,521,112	65.90%	1,296,094,095	65.68%	11,427,017	0.88%
Total Equity Attributable to Stock-holders of the Company	1,875,238,280	94.51%	1,865,407,649	94.52%	9,830,631	0.53%
Minority Interest	73,810,512	3.72%	73,210,971	3.70%	599,541	0.82%
Total Stockholders' Equity	1,949,048,792	98.23%	1,938,618,620	98.22%	10,430,172	0.54%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	1,983,892,412	100.00%	1,973,753,264	100.00%	10,139,148	0.51%

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

F & J Prince Holdings Corporation (the Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on February 18, 1971. Its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including, but not limited to, land, building, condominium units, shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities, contracts or obligations of any corporation and associations, domestic or foreign. The Parent Company's shares of stock are listed in and traded through the Philippine Stock Exchange (PSE). The principal activities of its subsidiaries are described in Note 2.

The registered office address of the Parent Company is 5th Floor, Citibank Center Building, 8741 Paseo de Roxas corner Villar Street, Salcedo Village, Makati City.

Details on the Parent Company's subsidiaries as of March 31, 2017 and December 31, 2016 are as follows:

	Country of Incorporation	Primary Purpose	Percentage of Ownership
Magellan Capital Holdings Corporation (MCHC)*	Philippines	Holding company	94.37%
Pinamucan Industrial Estates, Inc. (PIEI)	Philippines	Real estate holding and development	100%
Malabrigo Corporation (MC)	Philippines	Mining	100%
Magellan Capital Realty Development Corporation (MCRDC)**	Philippines	Realty	100%
Magellan Capital Trading Corporation (MCTC)**	Philippines	Trading	100%

**Intermediate Parent Company*
***Nonoperational since incorporation.*

2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The interim condensed consolidated financial statements of the Group have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss (FVPL) and certain available for sale (AFS) financial assets that have been measured at fair value (see Notes 5 and 8), and are prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The interim condensed consolidated financial statements are presented in Philippine peso (□), which is the Parent Company and its subsidiaries' functional currency, and rounded off to the nearest peso, except when otherwise indicated.

The interim condensed consolidated financial statements do not include all information and disclosure required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at March 31, 2017 and for the year ended December 31, 2016.

3. Summary of Significant Accounting Policies

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2016, except for the following adoption of new and amended Philippine Financial Reporting Standards (PFRS), which are effective as of January 1, 2016:

- PFRS 10, *Consolidated Financial Statements,* and PAS 28*, Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidated Exceptions* (Amendments)
These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statement applies to parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its subsidiaries. These amendments do not have any impact on the Group's interim condensed consolidated financial statements.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. These amendments do not have any impact on the Group's interim condensed consolidated financial statements.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business to apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are to be applied retrospectively, with early adoption permitted. These amendments do not have any impact to the Group.

- PAS 1, *Presentation of Financial Statement - Disclosure Initiative* (Amendments)
  The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:

  - That specific line items in the statement of income and OCI and the statement of financial position may disaggregated
  - That entities have flexibility as to the order in which they present the notes to financial statements
  - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classifies between those items that will or will not be subsequently reclassified to profit or loss.

  These amendments do not have any impact to the Group.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statements of financial position and present movements in these account balances as separate line items in the statements of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing PFRS preparer, this standard would not apply.

- PAS 16, *Property, Plant and Equipment,* and PAS 41, *Agriculture - Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. These amendments do not expected have any impact to the Group as the Group does not have any bearer plants.

- PAS 16, *Property, Plant and Equipment,* and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are to be applied prospectively, with early adoption permitted. These amendments do not have any impact to the Group given that the Group has not used a revenue-based method to depreciate its noncurrent assets.

Annual Improvements to PFRSs (2012 - 2014 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and do not have a material impact on the Group.

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

4. **Cash and Cash Equivalents**

	March, 2017	December, 2016
Cash on hand	**₱9,000**	**₱9,000**
Cash with banks	**131,922,791**	**207,464,275**
Short-term placements	**746,109,421**	**747,096,775**
	₱878,041,212	₱954,570,050

Cash with banks earn interest at the respective bank deposit rates. Short-term placements are fixed rate time deposits denominated in United States (US) dollar and Philippine peso, made for varying periods of up to three months or less, depending on the immediate cash requirements of the Group. Interest income earned from these bank deposits and short-term placements amounted to ₱3.0 million and ₱ 17.2 million in March, 2017 and December ,2016, respectively.

5. Financial Assets at FVPL

Financial assets at FVPL consist of listed securities which are traded in the PSE, New York Stock Exchange (NYSE) and Hong Kong Stock Exchange (HKEx). Fair values of listed equity securities are based on quoted market prices in the PSE, NYSE and HKEx.

The rollforward of the Group's investments in financial assets at FVPL is as follows:

	March, 2017	December, 2016
Cost:		
Balances at beginning of year	**₱83,025,754**	₱44,214,962
Additions	**4,933,923**	14,309,326
Disposals		(4,337,335)
Balances at end of year	**₱87,959,677**	54,186,953
Changes in fair value:		
Balances at beginning of year		18,137,356
Fair value losses/gains	**4,738,641**	9,980,598
Disposals		720,847
Balances at end of year	**4,738,641**	28,838,801
	₱92,698,318	₱83,025,754

6. Receivables

	March, 2017	December, 2016
Accrued interest	**₱8,419,891**	₱7,626,291
Rent receivable	**772,715**	533,447
Others	**951,272**	914,458
	10,143,878	9,074,196
Less allowance for impairment losses	**857,369**	857,369
	₱9,286,509	₱8,216,827

Accrued interest from third parties pertain to interests earned on investments in short-term placements, short-term investments and debt securities classified as AFS financial assets that are expected to be collected within one year.

7. Investments in Associates

	March, 2017	December, 2016
Costs:		
Acquisition costs	**₱288,590,264**	₱288,590,264
Conversion of deposit for stock subscription	**-**	-
	288,590,264	288,590,264
Accumulated equity in net earnings and OCI:		
Balances at beginning of year	**8,657,612**	8,657,612
Share in net income from associates	**72,929,014**	72,929,014
Share in OCI from associates	**40,822,636**	40,822,636
Dividends declared by associates	**(21,020,846)**	(21,020,846)
Balances at end of year	**101,388,416**	101,388,416
Deposit for stock subscription:		
Balances at beginning of year	**-**	-
Deposit	**-**	-
Conversion of deposit for stock subscription	**-**	-
Accumulated allowance for impairment loss	**(94,830,129)**	(94,830,129)
	₱295,148,551	₱295,148,551

The Group has equity interest and additional deposits for stock subscription to the following associates as of March 31, 2017:

	Country of Incorporation	Percentage of Ownership		Carrying Amount of Investments	
				March, 2017	December, 2016
PTC	Philippines	**30**	30	**₱ 243,795,499**	₱ 243,795,499
BPO	Philippines	**35**	35	**51,353,052**	51,353,052
MUDC	Philippines	**43**	43	**-**	-
				₱295,148,551	₱295,148,551

PTC

PTC is a global service company outsourcing information technology services from the Philippines. Among others, it offers software servicing, maintenance, testing and development to various clients, mostly in the US.

a. Dividends

The Group's share in the dividends declared by PTC amounted to nil, ₱59.6 million and ₱45.1 million in 2016, 2015 and 2014, respectively.

Deposit for Stock Subscription

On August 26, 2015, the Group deposited a total amount of ₱5.6 million, representing the remaining balance for subscription of capital increase.

On September 21, 2015, the SEC has approved PTC's application for increase in authorized capital stock. Accordingly, the deposit for stock subscription amounting to ₱7.5 million was converted to capital stock.

BPO
BPO is a provider of accounting and finance related services such as payroll, internal audit, payables processing and others. It is involved in outsourcing business process services in the Philippines, servicing many of the multinational and large corporations operating in the country.

On December 12, 2016, BPO declared cash dividend amounting to ₱60.1 million or ₱77 .00 per share of the outstanding stocks as of record date December 12, 2016. Dividends shall be payable on or before June 30, 2017.

The share in the dividends which is outstanding as of December 31, 2016 amounted to ₱21.0 million.

MUDC
The Group has a 43% interest in MUDC. As of March 31,2017, MUDC has been nonoperational since its incorporation. However, it has obtained the necessary requirements for the signing of a supply agreement with a public utility firm and a purchase agreement with certain oil companies. As of December 31, 2016 and 2015, MUDC has project development costs of ₱207.1 million. The recoverability of these assets and the ultimate success of MUDC's future operations are dependent upon the signing of these agreements. The foregoing conditions indicate the existence of a material uncertainty which may cast significant doubt on MUDC's ability to continue as a going concern and the recoverability of the Group's significant investment in MUDC.

As of December 31,2016 and 2015, MUDC has incurred significant losses, which resulted in capital deficiency.

Moreover, the Group's share in the losses of MUDC exceeded the carrying amount of its investment. Consequently, the Group has discontinued recognizing its share of further losses in excess of the investment cost of ₱94.8 million as of December 31,2016 and 2015.

Additional losses are provided for by the Group to the extent that it has made payments on behalf of MUDC to satisfy MUDC's obligations that the Group has guaranteed or otherwise committed.

As of December 31,2016 and 2015, the Group has assessed that its advances to MUDC amounting to ₱127.7 million are impaired since management believes that it will no longer recover from such advances.

8. AFS Financial Assets

	March, 2017	December, 2016
Debt securities	**₱274,485,471**	₱274,485,471
Equity securities - at fair value, net of allowance for impairment loss of ₱3.1 million as of March 31, 2017 and 2016 respectively	**118,298,303**	94,925,210
Equity securities - at cost	**32,464,311**	32,464,311
	₱425,248,085	₱401,874,992
Less: current portion	**41,758,222**	66,753,263
	₱383,489,863	₱335,121,729

Movements in AFS financial assets are as follows:

	March, 2017	December, 2016
Balance at the beginning of the year	**₱401,874,992**	₱406,138,176
Additions	**85,492,334**	70,379,312
Disposals	**(66,871,640)**	(89,292,071)
Changes in fair market value:		
Profit or loss	**4,752,399**	13,426,342
Other comprehensive income		1,223,233
Balances at end of year	**₱425,248,085**	₱401,874,992

Investments in debt securities are denominated in various foreign currencies and are stated at fair value based on quoted prices. Changes in market values are included in the consolidated statement of comprehensive income. The debt securities bear fixed interest rates ranging from 4.34% to 13.63% as of March 31, 2017 and December 31, 2016, respectively. Maturity dates of the investments range from 2017 to 2024. Interests on investments are received and settled semi-annually in its denominated currency.

Investments in equity securities carried at fair value consist of proprietary club shares, perpetual bonds and investments in quoted shares of stock which the Group has neither control nor significant influence.The fair market values of these listed shares are determined by reference to published quotations in an active market as of March 31, 2017 and December 31,2016.

Investments in equity securities carried at cost consist of unquoted shares and investments in the shares of stock which the Group has neither control nor significant influence.

Movements in the net unrealized valuation gains on AFS financial assets under OCI are as follow:

	March, 2017	December, 2016
Balances at beginning of year	**₱23,302,261**	₱22,079,028
Changes in fair value of AFS financial assets	**95,221**	5,515,323
Impairment loss on AFS financial assets recognized in profit or loss		-
Disposals of AFS financial assets	**(1,223,826)**	(4,292,090)
Reclassification of HTM investments to AFS investments	**-**	-
Amortization of net unrealized valuation gains on AFS financial assets reclassified to HTM investments	**-**	-
Balances at end of year	**₱22,173,656**	₱23,302,261

Details of the allowance for impairment losses are as follows:

	March, 2017	December, 2016
Balances at beginning of year	**₱3,127,676**	₱3,127,676
Provision	-	-
Balances at end of year	**₱3,127,676**	₱3,127,676

On April 4, 2014, the Group sold more than an insignificant portion of its HTM investments before maturity. The Group subsequently reclassified its HTM investments to AFS financial assets.

Interest earned on debt securities classified as AFS financial assets amounted to ₱ 5.1 million and ₱ 23.0 million in March, 2017 and December, 2016 respectively, presented as "Interest income" in profit or loss.

Dividend income earned on equity securities classified as AFS financial assets amounted to ₱.006 million and ₱0.7 million in March, 2017 and December, 2016, respectively.

9. HTM Investments

On April 4, 2014, the Group sold HTM investments with a carrying value of ₱17.8 million resulting to a gain from disposal amounting to ₱0.2 million. Consequently, the remaining portfolio of HTM investments with a carrying amount of ₱213.9 million was reclassified to AFS financial assets and was remeasured at fair value. The fair value gain from remeasurement amounting to ₱4.5 million was recognized in OCI .

10. Property and Equipment

March, 2017

	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Costs:					
Balances at beginning of year	**₱20,755,943**	**8,764,062**	**8,395,222**	**2,843,660**	**40,758,887**
Additions	**-**	**-**	**-**	**10,892**	**10,892**
Balances at end of year	**₱20,755,943**	**8,764,062**	**8,395,222**	**2,854,552**	**40,769,779**
Accumulated depreciation:					
Balances at beginning of year	**13,491,678**	**8,246,185**	**5,766,624**	**2,786,862**	**30,291,349**
Depreciation	**207,557**	**17,641**	**165,242**	**9,219**	**399,659**
Balances at end of year	**13,699,235**	**8,263,826**	**5,931,866**	**2,796,081**	**30,691,008**
Net book values	**₱7,056,708**	**₱500,236**	**₱2,463,356**	**₱58,471**	**₱10,078,771**

December, 2016

	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Costs:					
Balances at beginning of year	**₱20,755,943**	**8,692,633**	**8,395,222**	**2,843,660**	**40,687,458**
Additions	-	71,429	-	-	71,429
Balances at end of year	₱20,755,943	8,764,062	8,395,222	2,843,660	40,758,887
Accumulated depreciation:					
Balances at beginning of year	12,661,440	8,165,998	5,105,651	2,726,392	28,659,481
Depreciation	830,238	80,187	660,973	60,470	1,631,868
Balances at end of year	13,491,678	8,246,185	5,766,624	2,786,862	30,291,349
Net book values	₱7,264,265	₱517,877	₱2,628,598	₱56,798	₱10,467,538

11. Investment Properties

March, 2017

	Land	Condominium	Total
Costs:			
Balances at beginning and end of year	**₱46,319,625**	**₱136,763,800**	**₱183,083,425**
Additions for the quarter		**78,206,168**	**78,206,168**
Balances at beginning and end of year/quarter	**₱46,319,625**	**₱214,969,968**	**₱261,289,593**
Accumulated depreciation:			
Balances at beginning of year	**-**	**24,535,513**	**24,535,513**
Depreciation for the quarter	**-**	**1,367,632**	**1,367,632**
Balances at end of year/quarter	**-**	**25,903,145**	**25,903,145**
Net book values	**₱46,319,625**	**₱189,066,823**	**₱235,386,448**

During the first quarter of 2016, the company acquired a condominium unit from Antel Holdings. In the first quarter of 2017, the company also purchased a condominium unit from JMT Holdings located in Pasig City.

December, 2016

	Land	Condominium	Total
Costs:			
Balances at beginning of year and end of year	**₱46,319,625**	**₱136,763,800**	**₱183,083,425**
Accumulated depreciation:			
Balances at beginning of year	**-**	**20,078,562**	**20,078,562**
Depreciation	**-**	**4,456,951**	**4,456,951**
Balances at end of year	**-**	**24,535,513**	**24,535,513**
Net book values	**₱46,319,625**	**₱112,228,287**	**₱158,547,912**

12. Other Noncurrent Assets

	March, 2017	December, 2016
Deposit on contracts	**₱722,055**	₱24,183,905
Deposits	**743,579**	743,581
Fixed income deposit	**-**	**-**
	₱1,465,634	₱24,927,486

13. Accounts Payable and Accrued Expenses

	March, 2017	December, 2016
Customer deposits	**₱2,084,763**	₱1,507,524
Accounts payable	**1,314,566**	1,451,973
Accrued professional fees	**868,545**	863,538
Government payables	**541,120**	860,433
	₱4,808,994	₱4,683,468

Accounts payable are generally non-interest bearing payables to third party contractors.

Customer deposits pertain to deposits made by tenants for the lease of an insignificant portion of the Parent Company's condominium spaces and will be refunded to the lessee after the lease term.

14. Income Taxes

The Group's provision for income tax in 2016, 2015 and 2014 are as follows:

	2016	2015	2014
Current:			
RCIT	**₱7,213,243**	₱4,051,089	₱2,353,362
Final tax on interest income	**2,987,702**	2,766,639	2,708,642
MCIT	**-**	74,163	54,405
Stock transfer tax on disposal of FVPL	**-**	12,427	-
	₱10,200,945	₱6,904,318	₱5,116,409

15. **Equity**

a. Common Stock

The details of the Group's capital stock (number of shares and amounts) are as follows:

	March, 2017	December, 2016
Common stock - ₱1 par value		
Class A		
Authorized - 600 million shares		
Issued -292,610,118 shares	**₱292,610,118**	₱292,610,118
Class B		
Authorized - 400 million shares		
Issued – 189,217,535 shares	**189,217,535**	189,217,535
	₱481,827,653	₱481,827,653

Class A and B common stockholders enjoy the same rights and privileges, except that Class A shares may be owned by, transferred to and subscribed only by Filipino citizens or corporations, partnerships and associations organized under the laws of the Philippines, of which 60% of the common stock outstanding is owned by citizens of the Philippines. Class B shares may be issued, transferred or sold to any person, corporation, partnership or association regardless of nationality.

In 1979, the registrant listed with the PSE (or its predecessor, Manila Stock Exchange) its common stock under its previous name, Ultrana Energy and Resource Corporation, where it offered 1,000,000,000 shares to the public at the issue price of ₱0.01 per share.

On July 28, 1997, the SEC approved the increase in the Group's authorized capital stock from 10,000,000,000, divided into 6,000,000,000 Class A common shares with par value of ₱0.01 per share and 4,000,000,000 Class B common shares with par value of ₱0.01 per share to 1,000,000,000 common shares, divided into 600,000,000 Class A common shares with par value of ₱1 per share and 400,000,000 Class B common share with par value of ₱1 per share.

On November 26, 2000, the BOD approved the issuance, out of the authorized common stock, of 192,413,090 shares at ₱1 par value which will be offered through a pre-emptive stock rights issue and detachable stock warrants, as follows: (a) 96,206,545 shares consisting of 58,377,278 Class A shares and 37,829,267 Class B shares, to be offered in two tranches, the First Tranche consisting of 48,103,272 shares of stock and the Second Tranche consisting of 48,103,273 shares of stock, to which each stockholder may subscribe on a pre-emptive rights basis, and (b) the balance of 96,206,545 shares to be offered through detachable stock warrants, which shall entitle each stockholder to subscribe to one share of stock for every one share of stock of the same class that such stockholder subscribe to out of this stock rights issue.

The Group's application to list additional 192,413,090 common shares with a par value of ₱1 per share through pre-emptive rights issue and detachable subscription warrants was approved by the PSE on February 27, 2002 and by the SEC on April 5, 2002.

The exercise periods and expiration dates of the Group's subscription warrants are as follows:

	Number of Shares	Exercise Periods	Expiration Dates
First Tranche:			
Class A common shares	29,188,639	June 4, 2002 to	
Class B common shares	18,914,633	June 3, 2007	June 3, 2007
	48,103,272		
Second Tranche:			
Class A common shares	29,188,639	May 9, 2003 to	
Class B common shares	18,914,634	May 8, 2008	May 8, 2008
	48,103,273		
	96,206,545		

Full payment of each subscription under the First Tranche was made within the offer period approved by the PSE and the SEC, and the full payment of each subscription under the second tranche shall be due and payable one year from the last day of the offer period. With the full subscription of the Pre-Emptive Rights Stock Offering, the Group's outstanding common stock increased to 481,032,728 common shares of stock, consisting of 291,886,391 Class A common shares and 189,146,337 Class B common shares, all with par value of ₱1 per share.
With the complete exercise of all Detachable Stock Warrants, the Group will have an outstanding common stock of 577,239,273 shares, consisting of 350,263,669 Class A common shares and 226,975,604 Class B common shares, all with par value of ₱1 per share. However, as of December 31, 2007, 723,727 Class A common stock warrants and 71,198 Class B common stock warrants were exercised and 28,464,912 Class A common stock warrants and 18,843,435 Class B common stock warrants expired. As of December 31, 2008, 29,188,639 Class A common stock warrants and 18,914,634 Class B common stock warrants expired due to non-exercise of stock warrants before expiration date. After the expiration of the said warrants, the Group's outstanding common stock amounted to ₱481,827,653 with additional paid-in capital of ₱ 144,759,977. There have been no movements since 2008.

The Parent Company has 483, 458 and 487 stockholders as of 2016, 2015 and 2014 respectively.

b. Treasury Shares

For consolidation purposes, the costs of these shares are presented under the "Treasury shares" account in the equity section of the interim condensed consolidated statements of financial position.

As of March 31, 2017 and December 31,2016, the Group's treasury shares are as follows:

	Shares		Amount	
	March, 2017	December, 2016	**March, 2017**	December, 2016
Balance at beginning of year	**97,634,827**	97,411,827	**₱99,669,477**	₱98,942,697
Additions		223,000		726,780
Balance at end of year	**97,634,827**	97,634,827	**₱99,669,477**	₱99,669,477

c. Retained Earnings

Retained earnings is restricted to the extent of the acquisition price of the treasury shares amounting to ₱99.7 million as of December 31,2016 and 2015. Retained earnings is also restricted to the extent of equity in net earnings of the associates not declared as dividends as of reporting date.

Dividends payable amounted to ₱5.5 and to ₱6.0 million as of March 31,2017 and December 31,2016, respectively.

16. **Related Party Transactions**

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

A summary of outstanding balances and transactions with related parties, net of allowance for impairment loss and presented under "Receivables from related parties" account, are as follows:

		Transactions during the year	Outstanding balance	Terms	Conditions
BPO- Rental income	**March, 2017**	**-**	**18,338**	30 days, non-	Unsecured; no
	December,2016	1,212,831	137,907	interest bearing	Impairment
Payroll services	**March, 2017**	**-**	**-**	30 days, non-	Unsecured; no
	December,2016	51,195	**-**	interest bearing	Impairment
Dividends	**March, 2017**	**21,020,846**	**21,020,846**	30 days, non-	Unsecured; no
	December,2016	21,020,846	21,020,846	interest bearing	Impairment
PTC-Dividends	**March, 2017**	**-**	**-**	30 days, non-	Unsecured; no
	December,2016	-	-	interest bearing	Impairment
MUDC-Advances	**March, 2017**	**500**	**500**	30 days, non-	Unsecured; no
	December,2016	**-**	**-**	interest bearing	Impairment
Under common control:					
Other related parties					
Advances	**March, 2017**	**1,000**	**289,742**	30 days, non-	Unsecured; no
	December,2016	1,599	286,242	interest bearing	Impairment
	March, 2017		**21,329,426**		
	December,2016		21,444,995		

Movement in the allowance for impairment losses on receivable from related parties are as follows:

	March, 2017	December, 2016
Receivables from related parties - at gross	**₱210,242,519**	₱210,242,519
Less: Allowance for impairment loss:		
Balances at beginning of year	**188,797,524**	186,248,238
Provision	**115,569**	2,549,286
Balances at end of year	**188,913,093**	188,797,524
	₱21,329,426	₱21,444,995

Allowance for impairment loss is mainly attributable to the advances to MUDC, among others.

17. Earnings per Share

The following table presents information necessary to compute the basic/dilutive EPS:

	March, 2017	December, 2016
Net income attributable to equity holders of the parent	**₱11,427,017**	₱133,940,563
Weighted average number of ordinary shares outstanding for basic and diluted EPS	**384,192,826**	384,192,826
Basic and diluted earnings per share	**₱0.030**	₱0.35

The Group has no potential dilutive instruments issued as of March 31,2017 and December 31, 2016.

18. Segment Information

The primary purpose of the Parent Company and its subsidiaries is to invest in real and personal properties. The Parent Company operates mainly in one reportable business segment which is investing and one reportable geographical segment which is the Philippines.

19. Commitments and Contingencies

a. The Group leases a portion of its condominium spaces. The Group recognized rental income amounting to ₱5.3 million and ₱14.0 million in March,2017 and December, 2016,respectively. As of March 31, 2017 and December 31,2016, outstanding rent receivable amounted to ₱.07 million and ₱.05 million, respectively .The lease agreements have terms of one to two years and can be renewed upon the written agreement of the Group and the lessees. Deposit payable made by the tenants amounting to ₱2.0 and ₱ 1.5 million as of March 31, 2017 and December 31,2016, respectively, will be returned to the lessees after the lease term .

b. As of March 31, 2017 and December 31,2016, the Group has a provision for legal obligation amounting to ₱5.0 million, for claims arising from lawsuit filed by a third party, which is awaiting decision by the courts. Probable cost has been estimated in consultation with the Group's legal counsel. Management and its legal counsels believe that the Company has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions, if any, will not have material adverse impact on the Company's financial position and results of operations.

20. Fair Value of Financial Instruments

Set out below is a comparison, by class, of the carrying amount, and fair value of the Group's financial instrument, other than those with carrying amount that are reasonable approximation of fair values:

	March, 2017		December, 2016	
	Carrying Amount	**Fair Values**	Carrying Amount	Fair Values
Financial Assets				
Current:				
Financial assets at FVPL	**₱92,698,318**	**₱92,698,318**	₱83,025,754	₱83,025,754

	March, 2017		December, 2016	
	Carrying Amount	**Fair Values**	Carrying Amount	Fair Values
AFS financial assets	**41,758,222**	**41,758,222**	66,753,263	66,753,263
Noncurrent:				
AFS financial assets	**288,564,652**	**288,564,652**	240,196,519	240,196,519
	₱423,021,192	**₱423,021,192**	₱389,975,536	₱389,975,536

The Group has determined that the carrying amounts of cash and cash equivalents, short-term investments, receivables, receivables from related parties and accrued expenses and other liabilities and dividends payable, based on their notional amounts, reasonably approximate their fair values because these are short-term in nature.

Fair values of financial assets at FVPL and quoted AFS financial assets are based on price quotations at the reporting date. These financial instruments are classified as Level 1 in the fair value hierarchy.

As of March 31, 2017 and December 31, 2016, there were no transfers between Level 1 and Level 2 fair value measurements. Also, there were no transfers into and out of Level 3 fair value measurements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
AGING OF ACCOUNTS RECEIVABLE
AS OF MARCH 31, 2017

Name	Beginning Balance	Additions	Deductions		Current 30 days	60 days or over	Over 120 days	Ending Balance
			Amount Collected	Amount Written-Off				
Magellan Capital Realty Development Corp.	26,658	500				500	26,658	27.158
Magellan Capital Corporation	281.072						281,072	281,072
Magellan Capital Trading Corporation	27,658	500				500	27,658	28.158
Magellan Utilities Development Corp.	0							0
Business Process Outsourcing International	21,158,753	387,707	478,276				21,068,184	21,068,184
Pinamucan Power Corporation	3,325	500				500	3,325	3,825
Pointwest Technologies Corporation	0							0
Philippine Deposit Insurance Corporation	500,000						500,000	500,000
Others	200						200	200
	21,997,666	389,207	478,276			1,500	21,907,097	21,908,597

CERTIFICATION OF INDEPENDENT DIRECTOR

I, JOSEPHINE V. BARCELON, Filipino, of legal age and a resident of #5 Pennsylvania Street, Brgy. Mariana, New Manila, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of F & J PRINCE HOLDINGS CORPORATION and have been its independent director since _______ (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Control Corporation):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
J. M. BARCELON & CO., INC.	PRESIDENT/NOMINEE	5 YEARS
JOAM INVESTMENTS CORP.	PRESIDENT	5 YEARS
JAYBEE REAL ESTATE CORP.	PRESIDENT	5 YEARS

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of F & J PRINCE HOLDINGS CORPORATION, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATUREOF RELATTIONSHIP
	N / A	

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
	N / A	

6. (For those in government service/affiliated with a government agency of COCC) I have the required written permission of consent from the (head of the agency/department) to be an independent director of N / A, pursuant of Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporation Secretary of F & J PRINCE HOLDINGS CORPORATION of any changes in the abovementioned information within five days from its occurrence.

Done, this 1st day of June, 2017 at Manila..

Affiant

JUN 0 2 2017

SUBSCRIBED AND SWORN to before me this ______ day of _________ at QUEZON CITY affiant personally appeared before me and exhibited to me her Bureau of Internal Revenue (BIR) issued at Manila on March 3, 2008.

Doc. No. 453;
Page No. 91;
Book No. 40;
Series of 2017.

JOEL G. GORDOLA
Notary Public
Commission expires until December 31, 2017
Adm. No. 069; Roll No. 25103
IBP No. 1058826 1/04/17; Q.C.
PTR No. 3693408; 1/03/17; Q.C.
TIN 126-768-809; MCLE No. V-0001531
Unit 1 # 878 Quirino Hiway, Gulod, Novaliches, Q.C.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Johnny O. Cobankiat, Filipino, of legal age and a resident of 25 David St. Corinthian Garden, Quezon City after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of F & J Prince Holdings Corporation and have been its independent director since ______________ (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Co Ban Kiat Hardware, Inc.	Chairman/President	

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of F & J Prince Holdings Corporation as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in ______________, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of F & J Prince Holdings Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this JUN 0 2 2017 day of ________, at CITY OF MANILA

Johnny O. Cobankiat
Affiant

SUBSCRIBED AND SWORN to before me this JUN 0 2 2017 day of ________ at CITY OF MANILA, affiant personally appeared before me and exhibited to me his/her Senior ID #113905 issued at Manila on April 27, 2011.

Doc. No. 424;
Page No. 86;
Book No. CCL;
Series of 2017;

PERFECTO C. NOLASCO
Commission No. 2016-016
Notary Public for Manila
Until December 31, 2017
Rm. 327 Downtown Center Building
316 Quintin Paredes Street, Binondo, Manila
PTR No. 5978163 - Manila - 1/04/2017
IBP No. 1055466 - Pasig City - 1/03/2017
IBP ROLL NO. 18343 - TEL. 522-13-26
MCLE COMP. NO. V-0022416 - 6/22/2016

F & J Prince Holdings Corporation

Memorandum: CORPORATE ACTIONS TAKEN FOR 2016

DATE	ACTION TAKEN
March 18, 2016 **(Regular Board Meeting)**	a) Approval of authority for the President to approve the Audited Financial Statements for the year ending 2015 and to approve its release by the Company's external auditor, SGV & Co., pursuant to the reportorial requirements of the BIR and SEC. b) Approval of authority for the President to set the date of the Annual Stockholders' Meeting for the year 2016. c) Enrollment in the Banc Net E-Gov System through China Bank Corporation
July 28, 2016 **(Organizational Meeting of the Board of Directors)**	Election of Corporate Officers & members of the Audit Committee, Nomination Committee and Compensation Committee.
July 28, 2016 **(Regular Board Meeting)**	Out of the Corporation’s unrestricted retained retained earnings a cash dividend of a total of Twenty Centavos (₽0.20) per share, payable as follows: (i) Ten Centavos (₽0.10) per share, to stockholders of record as of 22 August 2016 (the “Record Date”), payable on or before 16 September 2016; and (ii) Ten Centavos (₽0.10) per share, to stockholders of record as of 21 September 2016 (the “Record Date”), payable on or before 17 October 2016.

DIRECTORY/BANKERS

EXECUTIVE OFFICES:
5th Floor, Citibank Center
8741 Paseo de Roxas, Makati City 1226
Tel. Nos.: 8927133 • 8927137 • 8929443

LEGAL COUNSEL:
ATTY. FINA BERNADETTE D.C. TANTUICO
5th Floor, Citibank Center
8741 Paseo de Roxas, Makati City

AUDITORS:
SYCIP GORRES VELAYO & CO.
Certified Public Accountants
6760 Ayala Avenue, Makati City

TRANSFER AGENT:
RCBC STOCK TRANSFER
Ground Floor, West Wing
Grepalife Building
Sen. Gil Puyat Avenue, Makati City

LISTED AT:
THE PHILIPPINE STOCK EXCHANGE, INC.
PSE Plaza, Ayala Triangle
Ayala Avenue, Makati City

BANKERS:

BANK OF SINGAPORE
22nd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

BANK OF THE PHILIPPINE ISLANDS
Ortigas Branch
Benpres Building, Ortigas Center
Pasig City

CHINA BANKING CORPORATION
Balintawak-Boni Branch
Balintawak, Quezon City

BDO PRIVATE BANK
Mezzanine Floor, BDO Executive Tower
8751 Paseo de Roxas, Makati City

METROPOLITAN BANK & TRUST CO.
Meralco Branch
Ground Floor, Ortigas Building
Ortigas Avenue, Pasig City

ANNUAL REPORT ON SEC FORM 17-A

The corporation undertakes to provide without charge to the shareholders or to each person solicited, on the written request of any such person, a copy of the Annual Report on SEC Form 17-A. Said written request, may be directed to:

ATTY. FINA BERNADETTE D.C. TANTUICO
Corporate Secretary
F& J Prince Holdings Corporation
5th Floor, Citibank Center
8741 Paseo de Roxas, Makati City