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 C. Tantuico

Contact Person

8927133 · 8927137

Company Telephone Numbers

12	31		04	12
Month	Day		Month	Day
Fiscal Year			Annual Meeting	

SEC FORM 17-A
(As of 31 December 2015)

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES AND REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. FOR THE FISCAL YEAR ENDED .... **31 December 2015**

2. SEC IDENTIFICATION NUMBER .... **43370** 3. BIR TAX IDENTIFICATION NO. **000-829-097**

4. EXACT NAME OF ISSUER AS SPECIFIED IN ITS CHARTER .... *F & J Prince Holdings Corporation*

5. **Philippines** ....
PROVINCE, COUNTRY OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION

6. [ ] (SEC Use Only)
INDUSTRY CLASSIFICATION CODE:

7. **5th Floor, Citibank Center Building, 8741 Paseo de Roxas, Makati City** **1226**
ADDRESS OF PRINCIPAL OFFICE POSTAL CODE

8. **(632) 892-7133**
ISSUER'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 8 AND 12 OF THE SRC OR SEC. 4 AND 8 OF THE RSA:

TITLE OF EACH CLASS	NUMBER OF SHARES OF COMMON STOCK OUTSTANDING AND AMOUNT OF DEBT OUTSTANDING
Class "A" Common	292,610,118
Class "B" Common	189,217,535

11. **ARE ANY OR ALL OF THESE SECURITIES LISTED ON A STOCK EXCHANGE?**

Yes [✓]   No [   ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange	**Common Shares, Classes "A" and "B "**

……

12. **CHECK WHETHER THE ISSUER:**

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the **RSA and RSA Rule 11(a)-1** thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [✓]   No [ ]

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

Yes [✓]   No [ ]

13. **STATE THE AGGREGATE MARKET VALUE OF THE VOTING STOCK HELD BY NON-AFFILIATES OF THE REGISTRANT.**

The market value of stocks held by non-affiliates of the Corporation, based on closing prices as of 29 December 2015, was Five Pesos and Eighty One Centavos Philippine Currency (₱5.81) per share for Class "A" shares, with an aggregate market value of One Billion Seven Hundred Million Sixty Four Thousand Seven Hundred Eighty Five Pesos, Philippine Currency (₱1,700,064,785.00); and Six Pesos and Twenty Centavos, Philippine Currency (₱6.20) per share for Class "B" shares, as of December 23, 2015 the last trading day when the Class "B" shares were traded in 2015, with an aggregate market value of One Billion One Hundred Seventy Three Million One Hundred Forty Eight Thousand and Seven Hundred Seventeen Pesos, Philippine Currency (₱1,173,148,717.00).

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. **CHECK WHETHER THE ISSUER HAS FILED ALL DOCUMENTS AND REPORTS REQUIRED TO BE FILED BY SECTION 17 OF THE CODE SUBSEQUENT TO THE DISTRIBUTION OF SECURITIES UNDER A PLAN CONFIRMED BY A COURT OR THE COMMISSION.**

Yes [✓]   No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

No documents are incorporated by reference.

PART I - BUSINESS AND GENERAL INFORMATION

ITEM I. BUSINESS

A. BUSINESS DEVELOPMENT

Business Development of the Registrant

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 94.37% 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.	07 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 software servicing development company and 35% of BPOI which it acquired in 2004 and 2005.

Percentage of Consolidated Total Revenues

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%**

Breakdown of Revenue for the year 2014

	CONSOLIDATED TOTAL REVENUE	PERCENTAGE BREAKDOWN
Equity in Net Earnings of Associates	₱ 72,551,106	61.6%
Interest Income	37,719,971	32.0%
Gain on Disposal of AFS and HTM Financial Assets	235,949	0.2%
Rent	4,505,021	3.8%
Dividend Income	2,290,430	1.9%
Others	564,518	0.5%
Total	**₱ 117,866,995**	**100.00%**

The Registrant's consolidated revenue in 2015 increased by 56% to ₱183.5 million from ₱117.9 million in 2014. Equity in net earnings of associates increased by 45.3% from ₱72.6 million in 2014 to ₱105.4 million in 2015 as the Registrant's outsourcing affiliates both increased earnings due to higher revenues and improved margins. Interest income increased to ₱39.2 million in 2015 from ₱37.7 million in 2014 as interest levels have begun to stabilize. A net foreign exchange gain of ₱22.8 million was recorded in 2015 as the Peso declined against foreign currencies which benefitted the foreign exchange denominated bonds and other securities hold by the Registrant and its subsidiary. Rent increased from ₱4.5 million in 2014 to ₱12.8 million in 2015 due to escalation of rental rates and leasing of additional office units purchased in 2014. Gain on disposal of AFS, HTM and FVPL Financial Assets increased to ₱1.5 million in 2015 compare to ₱0.2 million in 2014. Dividend income decreased to ₱1.5 million in 2015 from ₱2.3 million in 2014.

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 2015 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 2015 exceeded ₱358 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.

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.

ITEM 2. 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.

(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 Cathay United Bank, one of the largest banks in Taiwan and to two 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. As of 31 December 2015, the above land and properties are not subject to any mortgages, liens or encumbrances.

MCHC acquired, at the end of 2014, two additional condominium office units in Citibank Tower which are currently leased out. As a result, total rental income in 2015 exceeded ₱1 million monthly.

ITEM 3. LEGAL PROCEEDINGS

There are no proceedings involving, and to the best of knowledge threatened against the Company. 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 therefor. 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 March 14 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 P14,669,691.43. 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.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

For the period October to December 2015, there were no matters submitted to a vote by security holders of the Registrant.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

(1) MARKET 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 2016 are as follows:

QUARTER; YEAR	CLASS "A"		CLASS "B"	
	High	Low	High	Low
1st Quarter, 2014	3.20	2.90	3.77	2.56
2nd Quarter, 2014	3.20	2.95	3.14	3.00
3rd Quarter, 2014	3.17	2.60	3.00	2.91
4th Quarter, 2014	3.32	2.95	3.49	2.88
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

(2) HOLDERS

Number of Shareholders

As of 31 December 2015, the registrant had Four Hundred Seventy Eight (478) stockholders of record, as follows: Class "A" shares – Four Hundred Thirty Four (434) holders; Class "B" shares – Thirty Seven (37) holders; and Class "A" and "B" – Seven (7) holders.

The top twenty (20) stockholders of common equity of the Registrant as of 31 December 2015 are as follows:

TOP TWENTY (20) STOCKHOLDERS AS OF 31 DECEMBER 2015

NAME OF STOCKHOLDER		NUMBER OF SHARES	PERCENTAGE OWNERSHIP
1.	Essential Holdings Limited	139,778,670	29.01%
2.	PCD Nominee Corporation	72,356,888	15.02%
3.	Pinamucan Industrial Estates, Inc.	49,790,805	10.31%
4.	Magellan Capital Holdings Corporation	47,844,022	9.86%
5.	Consolidated Tobacco Industries of the Phils., Inc.	43,052,023	8.93%
6.	Vructi Holdings Corporation	34,643,628	7.19%
7.	Center Industrial and Investment, Inc.	23,991,000	4.98%
8.	Robert Y. Cokeng	15,713,072	3.26%
9.	Johnson Tan Gui Yee	15,371,747	3.19%
10.	Victorian Development Corporation	12,085,427	2.51%
12.	PCD Nominee Corporation (F)	10,811,581	2.24%
11.	Brixton Investment Corporation	2,815,000	0.58%
13.	Francisco Y. Cokeng, Jr.	2,160,000	0.45%
14.	Antonio H. Ozaeta	1,374,751	0.29%
15.	Johnson U. Co	1,100,000	0.23%
16.	Homer U. Cokeng, Jr.	1,100,000	0.23%
17.	Betty C. Dy	1,100,000	0.23%
18.	Rosalinda C. Tang	1,080,000	0.22%
19.	Olivia Chua Ng	950,000	0.20%
20.	Metro Agro Industrial Supply Corporation	793,977	0.16%

(3) DIVIDENDS

Dividends amounting to ₱0.20 per share were declared and paid out 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.

(4) 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 securities, 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.

(5) WARRANTS

There are no warrants outstanding as of the end of December, 2015.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

(1) MANAGEMENT'S DISCUSSION AND ANALYSIS

The Registrant's consolidated revenue in 2015 increased by 56% to ₱183.5 million from ₱117.9 million in 2014. Equity in net earnings of associates increased by 45% from ₱72.6 million in 2014 to ₱105.4 million in 2015 as the Registrant's outsourcing affiliates especially Pointwest experienced strong earnings growth as revenues jumped. Interest income increased from ₱37.7 million in 2014 to ₱39.2 million in 2015 as interest levels have stabilized and started to inch up. A net foreign exchange gain of ₱22.8 million was recorded in 2015 as the Peso declined against foreign currencies which benefitted the foreign exchange denominated bonds and other securities hold by the Registrant and its subsidiary against a foreign exchange loss in 2014. Rent more than doubled from ₱4.5 million in 2014 to ₱12.8 million in 2015 due to escalation of rental rates and the leasing out of additional condominium office units acquired in 2014. Gain on disposal of AFS, HTM and FVPL Financial Assets of ₱1.5 million was recorded in 2015 against ₱0.2 million in 2014. Dividend income decreased from ₱2.3 million in 2014 to ₱1.5 million in 2015.

Total consolidated expenses of the Registrant increased to ₱35.3 million in 2015 compared to ₱34 million in 2014. Fair Value losses of financial assets at FVPL of ₱6.0 million and impairment loss on AFS Financial assets of ₱2.1 million accounted for the bulk of the increase.

As a result of the above, total consolidated income before tax in 2015 totalled ₱148.2 million compared to ₱83.9 million in 2014. After provision for income tax, total consolidated net income after tax totalled ₱139.6 million in 2015 compared to ₱78.8 million in 2014 or an increase of 77%.

Net income attributable to non-controlling interest, namely minority shareholder of Magellan Capital Holdings Corporation, totalled ₱1.2 million in 2015 compared to ₱1.5 million in 2014.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2015, the Registrant's consolidated cash and cash equivalent totaled over ₱965.6 million which was higher than the level of ₱946.8 million as of December 31, 2014 due to inflow of dividend, rental and interest income. 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 ₱32.8 million compared to total equity of ₱1.8 billion as of the end of 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 2015 totalled ₱965.6 million compared to ₱946.8 million at the end of 2014 while total current assets totalled ₱1.1 billion at year-end 2015 the same level as at year-end 2014. 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

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

(₱000)	YEAR 2015	PER-CENTAGE	YEAR 2014	PER-CENTAGE	YEAR 2013	PER-CENTAGE
Equity in net earnings of associates	₱ 105,413	57.5%	₱ 72,551	61.6%	₱ 89,756	57.9%
Interest Income	39,171	21.4%	37,720	32.0%	47,162	30.4%
Rent	12,797	7.0%	4,505	3.8%	3,715	2.4%
Dividend Income	1,538	0.8%	2,290	1.9%	768	0.5%
Gain on Disposal of Transport Equipment	-	-	-	-	320	0.2%
Gain on Disposal of AFS, HTM and FVPL Investments	1,526	0.8%	236	0.2%	1,302	0.9%
Net FX Gain	22,825	12.4%	-	-	11,699	7.5%
Others	180	0.1%	565	0.5%	270	0.2%
Total from continuing operation	**₱ 183,450**	**100.0%**	**₱ 117,867**	**100.0%**	**₱ 154,992**	**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 2015 accounted for over 57% of consolidated total revenues from continuing operations. The Registrant's outsourcing affiliates have been increasing their earnings in the last few years. 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. As a result, the Registrant's share in their net earnings increased to ₱105.4 million in 2015 from ₱72.6 million in 2014. Interest income also increased slightly in 2015 to ₱39.1 million from ₱37.7 million in 2014 due to stabilizing rates of interest in the capital markets. In addition, net Fx gain was ₱22.8 million in 2015 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 gradually 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 2015 has exceeded ₱12.8 million from ₱4.5 million in 2014 due to acquisition of additional income producing property.

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

(000)	YEARS ENDED DECEMBER 31					
	2015	PERCENTAGE	2014	PERCENTAGE	2013	PERCENTAGE
Revenue	₱ 183,450	100%	₱ 117,867	100%	₱ 154,992	100.0%
Expenses	35,273	19.2%	33,996	28.8%	24,693	15.9%
Net Income Before Tax	148,178	80.8%	83,871	71.2%	130,299	84.1%
Tax	(8,536)	4.7%	(5,116)	4.3%	(10,155)	6.6%
Net Income After Tax	139,641	76.1%	78,754	66.8%	120,144	77.5%
Total Net Income	**₱ 139,641**	**76.1%**	**₱ 78,754**	**66.8%**	**₱ 120,144**	**77.5%**
Attributable to Stockholders of Registrant	138,463	75.5%	77,290	65.6%	116,866	75.4%
Non-Controlling Interest	1,178	0.6%	1,464	1.2%	3,278	2.1%

As the above shows, net income improved by 77% to ₱139.6 million in 2015 from ₱78.8 million in 2014. The increase in net income was mainly due to sharply higher equity in net earnings of associates, substantial net fx gain and higher rental income. The net income in 2015 attributable to stockholders of the Registrant was ₱138.5 million while ₱1.2 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 2014 was ₱77.3 million while ₱1.5 million was attributable to non-controlling interests.

Earnings per share. The earnings per share in 2015 amounted to ₱0.36 per share compared to earnings per share from continuing operations of ₱0.20 in 2014 and ₱0.30 in 2013 earnings per share increased by 79% in 2015. 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 70 x at December 31, 2015 compared to 54 x at the end of 2014. 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 ₱4.60 per share at the end of 2015 from ₱4.38 at year-end 2014 and ₱4.34 at year-end 2013.

(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 ₱965.6 million at year end 2015 compared to ₱946.8 million at year end 2014. 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.

(2) 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, 2015 and December 31, 2014 and audited consolidated income statements for the years 2015, 2014 and 2013. The accounts are discussed below in more detail.

OPERATING RESULTS

Revenues. In the year ended 31 December 2015, total consolidated revenues totalled ₱183.5 million compared to ₱117.9 million in 2014 and ₱155 million in 2013. The reasons for the change have been discussed in the revenue generation section earlier in Item 6 of this Report.

Expenses. Total consolidated operating expenses increased to ₱35.3 million in 2015 from the ₱34 million in 2014 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 ₱148.2 million in 2015 compared to ₱83.9 million in 2014 and ₱130.3 million in 2013.

Provision For Income Tax. In 2015, there was a provision for income tax of ₱8.5 million compared to ₱5.1 million in 2014 and ₱10.2 million in 2013.

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 ₱139.6 million in 2015, an increase of 77% over the net income after tax of ₱78.8 million in 2014. Net income after tax in 2013 was ₱120.1 million.

BALANCE SHEET ACCOUNTS

The following comparative financial analysis is based on audited consolidated balance sheets as of December 31, 2015 and December 31, 2014 shown in Exhibit "2". Exhibit "4" shows the vertical percentage analysis of balance sheet accounts as of December 31, 2015 and December 31, 2014. The movements in the various accounts are discussed below:

ASSETS

Current Assets. Total current assets at year-end 2015 totalled ₱1,092 million compared to ₱1,096 million at year-end 2014. Cash and cash equivalents increased to ₱966 million at year end 2015 from ₱947 million at year end 2014. Financial assets at Fair Value through Profit or Loss (FVPL) totalled ₱62.4 million at year-end 2015 from ₱65.6 million at year-end 2014. Current receivables from related parties also decreased to ₱23.5 million at year-end 2015 from ₱53.9 million at year-end 2014 due mainly to collection of dividend receivables from Pointwest Technologies Corporation and Business Process Outsourcing International, Inc. Current portion of AFS Investments totaled ₱4.9 million at year-end 2015 from ₱9.0 million at year end 2014. Prepayments and other assets increased to ₱27.1 million at year-end 2015 from ₱16.6 million at year-end 2014.

Non-Current Assets. Total non-current assets at year-end 2015 totalled ₱780.5 million versus ₱691.8 million at year-end 2014. Most of the increase was due to increase in investment in associates from ₱149.1 million at year end 2014 to ₱202.4 million at year end 2015 due to higher equity in net earnings of associates and increase in AFS Financial assets which increased due to net Fx gain and net unrealized gain on AFS assets.

Total Assets. As a result of the movement in the accounts described above, total consolidated assets of the Registrant at year-end 2015 totalled ₱1,872 million compared to ₱1,778 million at year-end 2014.

LIABILITIES AND EQUITY

Current Liabilities. Current liabilities decreased to ₱15.6 million at year-end 2015 from ₱20.4 million at year-end 2015 mainly due to decrease in accounts payable and accrued expenses to ₱4.0 million at year end 2015 from ₱10.7 million at year end 2014.

Non-Current Liabilities. Non-current liabilities increased to ₱17.2 million at year-end 2015 from ₱9.7 million at year-end 2014 due mainly to increase in deferred income tax liability.

Stockholder's Equity. Total Stockholder's Equity Attributable to Equity Holders of the Registrant increased to ₱1,766.9 million at year-end 2015 from ₱1,688.7 million at year end 2014. This was due mainly to the net comprehensive income in 2015 attributable to equity holders of the Registrant of ₱155.9 million but reduced by dividends paid out during the year. Equity attributable to minority shareholders of MCHC totalled ₱72.8 million at year end 2015 compared to ₱69.4 million at year-end 2014 due to the share of minority shareholders of MCHC in the comprehensive net income of ₱3.4 million. As a result, total stockholders equity at year-end 2015 stood at ₱1,839.7 million compared to ₱1,758.1 million at year-end 2014.

INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

(1) External Audit Fees and Services

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

	2013	2014	2015
Registrant	₱ 211,000	₱ 221,550	₱ 232,500
MCHC	325,000	341,250	358,500
Subsidiaries of MCHC	42,961	41,009	45,930
MUDC	24,013	19,149	19,144

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

ITEM 7. FINANCIAL STATEMENTS

The Statement of Management's Responsibility is attached as Exhibit "1" hereof. The Audited Consolidated Financial Statements as of 31 December 2015 are attached as Exhibit "2" hereof.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no disagreements with the Registrant's accountants, past or present, on accounting and financial disclosures. In 1997, Sycip Gorres Velayo & Co. replaced Velandria, Dimagiba & Co. and at present, continues to be engaged as the external auditor of the Registrant. In 2000, Vicente E. Reyes and Associates, now known as Reyes, Galang, King & Company, replaced Sycip Gorres Velayo & Co. as the external auditor of some of the wholly owned subsidiaries of Magellan Capital Holdings Corporation as well as Magellan Utilities Development Corporation.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

(1) 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, 64 years old, Filipino citizen.
Chairman, President & Chief Executive Officer

Re-elected on 28 July 2015 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.; *Director*, Alcorn Gold Resources Corporation (PSE listed company); Chairman, Pinamucan Industrial Estates, Inc.; *Managing Director*, Essential Holdings Ltd.; *Vice-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., 62 years old, Filipino citizen.
Vice-Chairman and Director

Re-elected on 28 July 2015 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., 88 years old, Filipino citizen.
Senior Vice-President and Director

Re-elected on 28 July 2015 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, 63 years old, Filipino citizen.
Vice-President for Administration

Re-elected on 28 July 2015 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, 30 years old, Filipino citizen.
Treasurer and Director

Re-elected on 28 July 2015 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, 63 years old, Filipino citizen.
Director

Re-elected on 28 July 2015 to a one-year term. Director since 2008.

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

JOHNNY O. COBANKIAT, 64 years old, Filipino citizen.
Director

Re-elected on 28 July 2015 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, 64 years old, Filipino citizen.
Director

Re-elected 28 July on 2015 for a one-year term. Director since 2001.

General Manager, Sunny Multi Products and Land Management Inc., Rocky's Construction Supplies and Marketing, Inc.; *Corporate Secretary*, Sunflare Horizon International, Inc.

JOHNSON TAN GUI YEE, 69 years old, Filipino citizen.
Director

Re-elected on 28 July 2015 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, 66 years old, Filipino citizen.
Director

Re-elected on 28 July 2015 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, 68 years old, Filipino citizen.
Director

Re-elected on 28 July 2015 to a one-year term. Director since 1997.

President, Phesco, Incorporated, Benter Management & Construction Corporation, Pearl of the Orient Realty & Development Corporation; INAVEIT Systems Technologies, Inc., Pumps Internationale Corporation; *Director*, Super Industrial Corporation.

FINA C. TANTUICO, 54 years old, Filipino citizen.
Corporate Secretary

Re-elected on 28 July 2015 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).

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) 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 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.

ITEM 10. EXECUTIVE COMPENSATION

(1) GENERAL

None of the directors and executive officers of the Registrant are paid any compensation as such. Among its officers, only Messrs. Fina C. Tantuico, Robert Y. Cokeng, Johnson U. Co, 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.

(2) SUMMARY COMPENSATION TABLE

Summary Compensation Table
Annual Compensation

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Robert Y. Cokeng, President	2016	-	-	₱9,400,000.00[1>]
Johnson U. Co, Vice-President-Administration	2016	-	-	
Mark Ryan K. Cokeng, Treasurer	2016	-	-	
Fina C. Tantuico, Corporate Secretary	2016	-	-	
All Other Officers & Directors	2016	₱ 388,000.00		

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Robert Y. Cokeng, President	2015	-	-	₱8,900,000.00
Johnson U. Co, Vice-President-Administration	2015	-	-	
Mark Ryan K. Cokeng, Treasurer	2015	-	-	
Fina C. Tantuico, Corporate Secretary	2015	-	-	
All Other Officers & Directors	2015	₱370,000.00		

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Robert Y. Cokeng, President	2014	-	-	₱8,855,011.00⌖
Johnson U. Co, Vice-President-Administration	2014	-	-	
Mark Ryan K. Cokeng, Treasurer	2014	-	-	
Fina C. Tantuico, Corporate Secretary	2014	-	-	
All Other Officers & Directors	2014	₱370,000.00		-***

* 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.

(3) COMPENSATION OF DIRECTORS

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

[1>] Estimated compensation for the year 2016.

⌖ 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.

❖ 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.

(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 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

(1) SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AS OF 31 DECEMBER 2015

The record or beneficial owners of 5% or more of the outstanding shares of the Registrant 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	NUMBER OF SHARES HELD	PER-CENTAGE
Common B	Essential Holdings Limited 11/F, Belgian House, 77-79 Gloucester Road, Hongkong	Same as Record Owner Robert Y. Cokeng Managing Director	Foreign	139,778,670 Record & Beneficial	29.01%
Common A & B	Pinamucan Industrial Estates, Inc. 5th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City	Same as Record Owner Robert Y. Cokeng Chairman	Filipino	49,790,805 Record & Beneficial	10.31%

Common A	Magellan Capital Holdings Corporation 5th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City	Same as Record Owner Robert Y. Cokeng President	Filipino	47,844,022 Record & Beneficial	9.87%
Common A	Consolidated Tobacco Industries of the Philippines, Inc. CTIP Compound, Ortigas Avenue Ext., Rosario Pasig City	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	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 and Chairman of the Registrant.

Mr. Robert Y. Cokeng is the Chairman of Pinamucan Industrial Estates, Inc. (“PIEI”). He has been granted voting power over the shares of stock of PIEI by the Board of Directors of PIEI. He is also the 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. (“CTIP”) is principally owned and controlled by the Cokeng and Co families. Mr. Robert Y. Cokeng has voting power over the shares of stock of CTIP.

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 31 December 2015, 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	15,713,072	Filipino	3.26%
Common A	Francisco Y. Cokeng, Jr.	2,160,000	Filipino	0.45%
Common A	Johnson U. Co	1,100,000	Filipino	0.23%
Common A	Emeterio L. Barcelon, SJ	304,952	Filipino	0.06%
Common A	Mark Ryan K. Cokeng	10,000	Filipino	0.002%
Common A	Johnson Tan Gui Yee	15,371,747	Filipino	3.19%
Common A	Mary K. Cokeng	1,000	Filipino	0.0002%
Common A	Johnny O. Cobankiat	7,227,076	Filipino	1.50%
Common A & B	Rufino B. Tiangco	128,000	Filipino	0.03%
Common A & B	Robert Y. Ynson	325,667	Filipino	0.07%
Common A	Francis L. Chua	100,000	Filipino	0.02%
Total		**42,441,514**		**8.81%**

TITLE OF CLASS	NAME OF DIRECTOR/EXECUTIVE OFFICER/BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	CITIZENSHIP	PERCENT OF OWNERSHIP
Common A & B	All Directors & Executive Officers	42,441,514	Filipino	8.81%

(3) VOTING TRUST HOLDERS OF 5% OR MORE OF THE OUTSTANDING SHARES

There are no voting trust holders of 5% or more of the outstanding shares of the Registrant.

(4) CHANGES IN CONTROL

There are no arrangements that may result in a change in control of the Registrant.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There were no transactions with any related parties other than normal business transactions such as rental agreements between affiliates on the basis of arms length negotiations. These rental rates are in line with rental rates for similar properties and were negotiated with non-majority owned affiliates where other shareholders provide checks and balances.

There were no transactions with any entities controlled or owned by former managers of the registrant or its subsidiaries and affiliates.

PART IV. CORPORATE GOVERNANCE

ITEM 13. Please refer to attached Annual Corporate Governance Report (ACGR).

PART V – EXHIBITS AND SCHEDULES

EXHIBITS AND REPORTS ON SEC FORM 17-C

(1) Exhibits

EXHIBIT NO.	DOCUMENT
1	Statement of Managements' Responsibility
2	Audited Consolidated Financial Statements as of 31 December 2015 and 2014
3	Breakdown of various accounts Schedules A-I
4	Consolidated Balance Sheet as of December 31, 2015, and December 31, 2014 with vertical percentage analysis
5	Breakdown of Receivables-Others Schedule "1" Breakdown of Accounts Payable and Accrued Expenses-Schedule "2"
6	Organizational Chart of Subsidiaries and Associates

(2) Reports on SEC Form 17-C

For the period January to December 2015, the following matters were duly reported to the SEC and PSE under SEC Form 17-C, to wit:

DATE	MATTERS DISCLOSED
7 May 2015	**OTHER EVENTS (Item 9)** **Date of Annual Stockholders' Meeting** Please be informed that the Board of Directors of F & J PRINCE HOLDINGS CORPORATION during its regular meeting held on 7 May 2015, approved and adopted a resolution scheduling the Annual Stockholders' Meeting of the corporation on 28 July 2015 (Tuesday). We shall accordingly inform the stockholders concerned of this schedule and the details as to time and venue. In this regard, the record date fixed for determining the list of stockholders entitled to vote at said meeting is 5 June 2015. Accordingly, the transfer books of the Corporation will be closed from 8 June 2015 until 12 June 2015 for the purpose of preparing said list.

7 May 2015	The Board also approved and adopted a resolution declaring cash dividends, as follows: "Resolved, that there is hereby declared out of the Corporation's unrestricted retained earnings a cash dividends of a total of Twenty (₱0.20) Centavos per share, payable as follows: (i) Ten (₱0.10) Centavos per share, to stockholders of record as of 3 June 2015 (the "Record Date"), payable on or before 30 June 2015; and (ii) Ten (₱0.10) Centavos per share, to stockholders of record as of 3 August 2015 (the "Record Date"), payable on or before 30 August 2015.
28 July 2015	**OTHER EVENTS: Annual Stockholders' Meeting** **<u>Election of Directors and Officers</u> (Item 4)** During the Annual Meeting of the Stockholders of the Corporation held on 28 July 2015, the following persons were elected as the new members of the Board of Directors of the Corporation, to wit: (in alphabetical order) Emeterio L. Barcelon, S.J. Francis L. Chua Johnson U. Co Johnny O. Cobankiat Francisco Y. Cokeng, Jr. Mark Ryan K. Cokeng Mary K. Cokeng Robert Y. Cokeng Johnson Tan Gui Yee Rufino B. Tiangco Robert Y. Ynson The independent directors of the Corporation are Francis L. Chua and Robert Y. Ynson.

28 July 2015	Thereafter, at the Organizational Meeting of the newly elected directors, held immediately after the annual stockholders meeting, the following persons were elected to the positions indicated opposite their respective names: ROBERT Y. COKENG - Chairman & President FRANCISCO Y. COKENG, JR. - Vice-Chairman EMETERIO L. BARCELON, S.J. - Senior Vice-President JOHNSON U. CO - Vice-President for Administration MARK RYAN K. COKENG - Treasurer FINA C. TANTUICO - Corporate Secretary The members of the different committees were elected as follows: **Audit Committee:** Francis L. Chua - Chairman/Independent Director Robert Y. Cokeng Johnson U. Co Johnson Tan Gui Yee Rufino B. Tiangco **Nomination Committee:** Robert Y. Cokeng - Chairman Johnson U. Co Johnson Tan Gui Yee Rufino B. Tiangco Robert Y. Ynson - Independent Director **Compensation Committee:** Robert Y. Cokeng - Chairman Johnson U. Co Johnson Tan Gui Yee Rufino B. Tiangco Francis L. Chua - Independent Director

28 July 2015	**<u>OTHER EVENTS (Item 9)</u>** The Annual Stockholders' Meeting of the Corporation was held as scheduled on 28 July 2015 at the Function Room 7, Top of the Citi, 34th Floor, Citibank Tower, 8741 Paseo de Roxas, Makati City. During said meeting, where the stockholders owning at least a majority of the outstanding capital stock of the Corporation were present and/or represented, the following matters were approved by unanimous affirmative vote: (i) the Minutes of the Annual Meeting of Stockholders held on 31 July 2014; (ii) ratification of the corporate actions approved and adopted by the Board of Directors during the year 2014; (iii) the Audited Financial Statements as of 31 December 2014; (iv) re-appointment of Sycip Gorres Velayo & Co. as external auditor of the Corporation.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this Annual Report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on April 29, 2015.

F & J Prince Holdings Corporation
Issuer

Pursuant to Section 17 of the Code, this Annual Report has been signed by the following persons in the capacities and on the dates indicated.

By:

ROBERT Y. COKENG
Chairman/Principal Executive Officer/
Principal Operating Officer

MARK RYAN K. COKENG
Principal Financial Officer/
Comptroller

(ATTY.) FINA C. TANTUICO
Corporate Secretary

APR 29 2016

SUBSCRIBED AND SWORN to before me this _____ day of ___________ 2016, affiants exhibiting to me their Community Tax Certificates, as follows:

NAMES	COMMUNITY TAX CERTIFICATE NO.	DATE OF ISSUE	PLACE OF ISSUE
Robert Y. Cokeng	05083322	January 12, 2016	Makati City
Mark Ryan K. Cokeng	05083321	January 12, 2016	Makati City
Fina C. Tantuico	13142240	February 28, 2016	San Juan City

NOTARY PUBLIC

IMELDA JIRO CRUZ-NERY
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2017
APPOINTMENT NO. M-56
MCLE COMPLIANCE NO.V 0005283
ROLL OF ATTY NO. 23538
IBP NO.1023204 JAN 07, 2016
PTR NO.5323516 JAN 04, 2016

Doc. No. 366;
Page No. 75;
Book No. 443;
Series of 2016.

My Docs>F&J>2016 Files>
SEC Form 17-A [Annual Report 2015]

EXHIBIT "1"

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 for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors or Trustees reviews and approves the financial statements and submits the same to the stockholders or members.

Sycip, Gorres, Velayo and Company, the independent auditors appointed by the stockholders, has examined 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 examination.

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 13 2016 day of ________,2016, affiants exhibiting to me their Community Tax Certificates, as follows:

Names	Community Tax Cert. No.	Date of Issue	Place of Issue
Robert Y. Cokeng	05083321	12 January, 2016	Makati City
Mark Ryan K. Cokeng	05083322	12 January, 2016	Makati City

NOTARY PUBLIC
ATTY HENRY D. ADASA
NOTARY PUBLIC - CITY OF MANILA
UNTIL DEC. 31. 2016
S.C. ROLL NO. 29679
1852 SAN MARCELINO ST. MALATE MLA.
IBP NO. 939545 01/04/2016 Z.N.
PTR NO. 4915147 01/04/2016 MLA.
MCLE COMPLIANCE NO. III-0023245

Doc.No. 299;
Page No. 61;
Book No. XXXII;
Series of 2016

EXHIBIT "2"

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

As of

December 31, 2015 and December 31, 2014

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	4	3	3	7	0	

COMPANY NAME

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
AAPFS	CFD	N/A

COMPANY INFORMATION

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)
485	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

5/F 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.

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Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

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 AUDITORS' REPORT

The Stockholders and the Board of Directors
F & J Prince Holdings Corporation
5th Floor, Citibank Center
8741 Paseo de Roxas
Makati City

We have audited the accompanying consolidated financial statements of F & J Prince Holdings Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, 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, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of F & J Prince Holdings Corporation and its subsidiaries as at December 31, 2015 and 2014, and its financial performance and cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
SEC Accreditation No. 1414-A (Group A),
April 8, 2014, valid until April 7, 2017
Tax Identification No. 219-674-288
BIR Accreditation No. 08-001988-103-2014,
March 10, 2014, valid until March 9, 2017
PTR No. 5321642, January 4, 2016, Makati City

April 11, 2016

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

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱965,633,140	₱946,841,757
Financial assets at fair value through profit or loss (FVPL) [Note 6]	62,352,318	65,604,929
Receivables (Note 7)	8,397,430	4,390,561
Receivables from related parties (Note 18)	23,513,795	53,868,614
Current portion of available-for-sale (AFS) financial assets (Note 9)	4,902,099	8,978,882
Prepayments and other current assets	27,097,708	16,643,654
Total Current Assets	1,091,896,490	1,096,328,397
Noncurrent Assets		
Receivables from related parties (Note 18)	–	1,884,564
AFS financial assets - net of current portion (Note 9)	401,236,077	363,443,262
Investments in associates (Note 8)	202,417,747	149,116,248
Property and equipment (Note 11)	12,027,977	13,875,919
Investment properties (Note 12)	132,430,015	136,677,566
Other noncurrent assets (Note 13)	32,426,972	26,806,842
Total Noncurrent Assets	780,538,788	691,804,401
TOTAL ASSETS	₱1,872,435,278	₱1,788,132,798
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 14)	₱3,955,401	₱10,710,792
Dividends payable (Note 17)	3,418,416	2,524,522
Income tax payable	3,191,511	2,153,252
Provision for legal obligation (Note 21)	5,000,000	5,000,000
Total Current Liabilities	15,565,328	20,388,566
Noncurrent Liability		
Retirement benefit obligation (Note 15)	10,918,293	9,679,932
Deferred income tax liability (Note 16)	6,296,804	–
Total Noncurrent Liabilities	17,215,097	9,679,932
Total Liabilities	32,780,425	30,068,498
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)	(98,942,697)
Net unrealized valuation gains on AFS financial assets (Note 9)	19,321,108	12,590,012
Actuarial losses on retirement benefit obligation (Note 15)	(2,412,162)	(2,376,318)
Accumulated share in other comprehensive income of associates (Note 8)	(15,961,151)	(26,709,841)
Retained earnings (Note 17)	1,238,994,327	1,177,526,941
Equity Attributable to Equity Holders of the Parent Company	1,766,860,275	1,688,675,727
Non-controlling Interests	72,794,578	69,388,573
Total Equity	1,839,654,853	1,758,064,300
TOTAL LIABILITIES AND EQUITY	₱1,872,435,278	₱1,788,132,798

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2015	2014	2013
REVENUES AND INCOME			
Equity in net earnings of associates (Note 8)	**₱105,413,232**	₱72,551,106	₱89,756,009
Interest income (Notes 5, 9 and 10)	**39,171,045**	37,719,971	47,161,868
Net foreign exchange gains	**22,825,228**	–	11,699,326
Rent income (Notes 12 and 21)	**12,796,615**	4,505,021	3,714,974
Dividend income (Notes 6 and 9)	**1,538,110**	2,290,430	767,640
Gains on disposal of:			
AFS financial assets (Note 9)	**908,071**	–	1,302,487
Financial assets at FVPL (Note 6)	**617,848**	–	–
HTM investments (Note 10)	–	235,949	–
Property and equipment (Note 11)	–	–	320,000
Others	**180,027**	564,518	270,034
	183,450,176	117,866,995	154,992,338
EXPENSES			
Personnel expenses:			
Salaries and wages	**9,790,664**	9,819,912	8,998,307
Retirement benefits (Note 15)	**1,157,197**	1,103,105	1,512,887
Other employee benefits	**1,776,010**	1,807,045	1,628,883
Depreciation (Notes 11 and 12)	**6,108,081**	3,549,572	2,992,212
Fair value losses on financial assets at FVPL (Note 6)	**5,996,071**	5,534,800	48,360
Professional fees	**2,886,197**	2,976,152	2,851,545
Impairment loss in AFS financial assets recognized in profit or loss (Note 9)	**2,127,676**	–	–
Condominium dues	**1,788,619**	2,241,724	3,586,024
Taxes and licenses	**663,274**	681,952	889,716
Entertainment, amusement and recreation	**603,277**	597,417	438,226
Bank charges	**557,812**	291,315	195,930
Loss on bank foreclosure (Note 13)	**407,475**	–	–
Utilities	**397,636**	454,720	389,170
Net foreign exchange loss	–	2,837,688	–
Loss on disposal of AFS financial assets (Note 9)	–	1,110,399	–
Others	**1,012,557**	990,414	1,161,708
	35,272,546	33,996,215	24,692,968
INCOME BEFORE INCOME TAX	**148,177,630**	83,870,780	130,299,370
PROVISION FOR INCOME TAX (Note 16)			
Current	**6,904,318**	5,116,409	10,155,438
Deferred	**1,632,010**	–	–
	8,536,328	5,116,409	10,155,438
NET INCOME	**₱139,641,302**	₱78,754,371	₱120,143,932
NET INCOME ATTRIBUTABLE TO			
Equity holders of the parent	**₱138,463,644**	₱77,290,274	₱116,865,971
Non-controlling interests	**1,177,658**	1,464,097	3,277,961
	₱139,641,302	₱78,754,371	₱120,143,932
Basic/Diluted Earnings Per Share for Net Income Attributable to Equity Holders of the Parent Company (Note 19)	**₱0.36**	₱0.20	₱0.30

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2015	2014	2013
NET INCOME	**₱139,641,302**	₱78,754,371	₱120,143,932
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified to profit or loss:			
Net unrealized valuation gains (losses) on AFS financial assets, net tax effect of ₱4,706,254 in 2015 (Notes 9 and 16)	**8,963,303**	29,980,275	(14,977,727)
Items that will not be reclassified to profit or loss:			
Actuarial losses on retirement benefit obligation, net tax effect of ₱41,460 in 2015 (Notes 15 and 16)	**(39,704)**	(433,821)	(280,905)
Share in other comprehensive income of associates (Note 8)	**10,748,690**	(13,538,300)	(2,081,585)
	19,672,289	16,008,154	(17,340,217)
TOTAL COMPREHENSIVE INCOME	**₱159,313,591**	₱94,762,525	₱102,803,715
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Equity holders of the parent	**155,907,586**	91,759,075	99,525,754
Non-controlling interests	**3,406,005**	3,003,450	3,277,961
	₱159,313,591	₱94,762,525	₱102,803,715

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, 2015, 2014 AND 2013

	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 (Note 9)	Actuarial Losses on Retirement Benefit Obligation (Note 15)	Share in Other Comprehensive Income of Associates (Note 8)	Retained Earnings (Note 17)	Total	Non-controlling Interests	Total Equity
Balances at January 1, 2013	₱481,827,653	₱144,759,977	(₱96,400,447)	(₱913,522)	(₱1,621,253)	(₱11,089,956)	₱1,156,681,379	₱1,673,243,831	₱74,477,699	₱1,747,721,530
Net income for the year	–	–	–	–	–	–	116,865,971	116,865,971	3,277,961	120,143,932
Other comprehensive income										
Net unrealized valuation losses on changes in fair value of AFS financial assets (Note 9)	–	–	–	(14,977,727)	–	–	–	(14,977,727)	–	(14,977,727)
Actuarial loss on retirement benefit obligation (Note 15)	–	–	–	–	(280,905)	–	–	(280,905)	–	(280,905)
Share in other comprehensive income of associates (Note 8)	–	–	–	–	–	(2,081,585)	–	(2,081,585)	–	(2,081,585)
Total comprehensive income for the year	–	–	–	(14,977,727)	(280,905)	(2,081,585)	116,865,971	99,525,754	3,277,961	102,803,715
Dividends declared - ₱0.20 per share (Note 17)	–	–	–	–	–	–	(96,365,531)	(96,365,531)	–	(96,365,531)
Acquisition of treasury shares (Note 17)	–	–	(2,542,250)	–	–	–	–	(2,542,250)	–	(2,542,250)
Dividends declared by the subsidiary to non-controlling interests	–	–	–	–	–	–	–	–	(6,972,417)	(6,972,417)
Balances at December 31, 2013	₱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

(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 (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	Non-controlling 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 non-controlling 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)

	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	Non-controlling Interests	Total Equity
	Attributable to Equity Holders of the Parent Company									
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

See accompanying Notes to Consolidated Financial Statements

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱148,177,630**	₱83,870,780	₱130,299,370
Adjustments for:			
Equity in net earnings of associates (Note 8)	**(105,413,232)**	(72,551,106)	(89,756,009)
Interest income (Notes 5, 9 and 10)	**(39,171,045)**	(37,719,971)	(47,161,868)
Net unrealized foreign exchange losses (gains)	**(23,362,015)**	(1,870,226)	1,973,170
Dividend income (Notes 6 and 9)	**(1,538,110)**	(2,290,430)	(767,640)
Losses (gains) on disposal of:			
AFS financial assets (Note 9)	**(908,071)**	1,110,399	(1,302,487)
Financial assets at FVPL (Note 6)	**(617,848)**	–	–
HTM investments (Note 10)	–	(235,949)	–
Property and equipment (Note 11)	–	–	(320,000)
Depreciation (Notes 11 and 12)	**6,108,081**	3,549,572	2,992,212
Fair value losses on financial assets at FVPL (Note 6)	**5,996,071**	5,534,800	48,360
Impairment loss on AFS financial assets (Note 9)	**2,127,676**	–	–
Loss on bank foreclosure (Note 13)	**407,475**	–	–
Operating losses before working capital changes	**(8,193,388)**	(20,602,131)	(3,994,892)
Decrease (increase) in:			
Receivables	**(348,908)**	837,680	684,456
Receivables from related parties	**(36,237)**	(21,250)	1,997,200
Prepayments and other current assets	**(10,454,054)**	(8,006,752)	(3,061,606)
Increase (decrease) in:			
Accounts payable and accrued expenses	**(1,965,051)**	425,372	2,246,890
Retirement benefit obligation (Note 15)	**1,157,197**	1,103,105	1,512,887
Proceeds from disposal of:			
Financial assets at FVPL (Note 6)	**2,497,848**	–	–
AFS financial assets (Note 9)	**65,265,170**	55,736,008	–
HTM investments	–	17,992,000	32,692,197
Additions to:			
Financial assets at FVPL (Note 6)	**(4,623,460)**	(8,831,978)	(3,180,000)
AFS financial assets (Note 9)	**(84,646,959)**	(67,457,497)	(46,982,401)
HTM investments	–	–	(16,571,100)
Net cash used in operations	**(41,347,842)**	(28,825,443)	(34,656,369)
Dividends received	**102,299,153**	60,915,292	99,772,545
Interest received	**35,856,108**	40,819,972	41,695,059
Income taxes paid	**(5,866,059)**	(8,500,365)	(5,570,866)
Net cash flows from operating activities	**90,941,360**	64,409,456	101,240,369
CASH FLOWS USED IN INVESTING ACTIVITIES			
Increase in other noncurrent assets	**(6,370,629)**	(735,479)	(26,518,709)
Additions to:			
Investments in associate (Note 8)	**(5,625,000)**	(1,875,000)	–
Property and equipment (Note 11)	**(12,588)**	(643,190)	(16,649,984)
Investment properties (Notes 12 and 25)	**(4,790,340)**	(60,038,929)	–
Proceeds from disposal of property and equipment	–	–	320,000
Net cash flows used in investing activities	**(16,798,557)**	(63,292,598)	(42,848,693)

(Forward)

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS USED IN FINANCING ACTIVITIES			
Acquisition of treasury shares (Note 17)	**(₱726,780)**	₱–	(₱2,542,250)
Dividends paid	**(76,102,364)**	(76,029,118)	(95,437,013)
Dividends to non-controlling interest	**–**	(4,398,120)	(6,972,417)
Cash flows used in financing activities	**(76,829,144)**	(80,427,238)	(104,951,680)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**21,477,724**	1,377,694	23,790,454
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**18,791,383**	(77,932,686)	(22,769,550)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**946,841,757**	1,024,774,443	1,047,543,993
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱965,633,140**	₱946,841,757	₱1,024,774,443

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") were authorized for issue by the Board of Directors (BOD) on April 11, 2016.

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 (PFRS).

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 Parent Company and its subsidiaries' 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, 2015 and 2014 and for each of the three years in the period ended December 31, 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.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

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 non-controlling interests, even if this results in the non-controlling 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, non-controlling 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 non-controlling interest in a subsidiary without change of control are accounted for as equity transactions. Any excess or deficit of consideration paid over the carrying amount of non-controlling interest acquired is recognized in equity of the Group.

Details on the subsidiaries as of December 31, 2015 and 2014 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 for the following standards and amendments, which are effective for annual periods beginning on or after January 1, 2015, that the Group has applied for the first time.

- Amendments to Philippine Accounting Standards (PAS) 19, *Defined Benefit Plans: Employee Contributions*
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014.

  This amendment is not relevant since the Group does not have defined benefit plan that requires contributions from employees or third parties.

Annual Improvements to PFRSs (2010 - 2012 cycle)
These improvements are effective from July 1, 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. Unless otherwise stated, these amendments have no impact on the consolidated financial statements.

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - A performance condition must contain a service condition;
  - A performance target must be met while the counterparty is rendering service;
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
  - A performance condition may be a market or non-market condition; and
  - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted).

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (i.e., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011 - 2013 Cycle)

These improvements are effective from July 1, 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. Unless otherwise stated, these amendments have no impact on the consolidated financial statements.

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between the investment property and owner-occupied property (i.e., property, plant and equipment).

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 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.

<u>Financial Instruments</u>
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, 2015 and 2014 (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 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 effect interest rate (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, receivables from related parties and fixed income deposit included under "Other noncurrent assets" account are classified as loans and receivables as of December 31, 2015 and 2014 (see Notes 5, 7, 13 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 effective interest method, 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, 2015 and 2014, the Group has no HTM investments.

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 effective interest 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, 2015 and 2014 (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, 2015 and 2014, 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.

Cash and Cash Equivalents
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).

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, 2015 and 2014:

	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 Parent Company'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, 2015, 2014 and 2013, the Parent Company does not have any dilutive potential common shares. Hence, diluted EPS is the same as basic EPS.

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.

Standards Issued but Not Yet Effective
The Group intends to adopt the following standards and interpretation, if applicable, when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these standards and interpretations to have significant impact on its consolidated financial statements.

Deferred

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and rewards of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standards against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Group.

Effective 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 will not have any impact on the Group's 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 will not have any impact on the Group's 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 are not expected to 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.

Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. These amendments are not expected to 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 are not expected to 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 are not expected to 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 are not expected to 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).

Effective 2018

- PFRS 9, *Financial Instruments (2014 or final version)*
  In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*. The new standard (renamed as 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. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Group did not early adopt PFRS 9.

  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 and plans to adopt the new standard on the required effective date once adopted locally.

In addition, the IASB has issued the following new standards that have not yet been adopted locally by the SEC and FRSC. The Group is currently assessing the impact of these new standards and the plans to adopt them on their required effective date once adopted locally.

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*

  IFRS 15 was issued in May 2014 by the IASB and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 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 IFRS 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 IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

- IFRS 16, *Leases*

  On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. 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 IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

4. Significant Accounting Judgments and Estimates

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, which have most significant effect on the amounts recognized in the consolidated financial statements.

Estimating Impairment of Quoted 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.

Determining Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Parent Company and its subsidiaries has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the revenue and expenses of the Group.

Determining Non-controlling 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.

Operating Lease - Group as a Lessor
The Group entered into various lease agreements as a lessor. The Group has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating lease due to the following:

a. the ownership of the asset does not transfer at the end of the lease term;

b. the lessee has no option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that at the inception of the lease, it is reasonable and certain that the option will be exercised;
c. the lease term is not for the major part of the economic life of the asset even if title is not transferred; and
d. at the inception of the lease, the present value of the minimum lease payments does not amount to at least substantially all of the fair value of the leased asset.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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 allowance for impairment losses on receivables and receivables from related parties amounted to ₱187.1 million and ₱187.5 million as of December 31, 2015 and 2014, respectively (see Notes 7 and 18). The Group has written-off from receivables 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 13).

The aggregate carrying amounts of the Group's short-term investments included under "Prepayments and other current assets" account, receivables, receivables from related parties and fixed income deposits included under "Other noncurrent assets" account amounted to ₱43.0 million and ₱60.9 million as of December 31, 2015 and 2014, respectively (see Notes 7, 13 and 18).

The balance of the allowance for impairment losses on AFS financial assets amounted to ₱3.1 million and ₱1.0 million as of December 31, 2015 and 2014, respectively. The carrying amount of the Group's AFS equity financial assets as of December 31, 2015 and 2014 are disclosed in Note 9 to the consolidated financial statements.

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, 2015 and 2014:

	2015	2014
Prepayments and other current assets	**₱16,042,896**	₱16,643,654
Investments in associates (see Note 8)	**202,417,747**	149,116,248
Property and equipment (see Note 11)	**12,027,977**	13,875,919
Investment properties (see Note 12)	**132,430,015**	136,677,566
Other noncurrent assets (see Note 13)	**32,426,972**	26,056,343
	₱395,345,607	₱342,369,730

The balance excludes short-term investments included under "Prepayments and other current assets" account and fixed income included under "Other noncurrent assets" account, which is classified as financial assets, amounting to ₱11.1 million and ₱0.8 million as of December 31, 2015 and 2014, 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, 2015 and 2014 are disclosed in Note 15 to the consolidated financial statements.

Estimating Realizability of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred income tax assets at each reporting date and reduces it 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 assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized.

The Group has unrecognized temporary differences amounting to ₱236.5 million and ₱250.2 million as of December 31, 2015 and 2014, respectively (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 2015, 2014 and 2013.

5. Cash and Cash Equivalents

	2015	2014
Cash on hand	**₱9,000**	₱9,000
Cash with banks	**164,386,383**	127,714,828
Short-term placements	**801,237,757**	819,117,929
	₱965,633,140	₱946,841,757

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 of 1.6% to 3.0% and 1.0% to 3.5% in 2015 and 2014, respectively. Interest income earned from these bank deposits and short-term placements amounted to ₱15.1 million, ₱12.7 million and ₱21.8 million in 2015, 2014 and 2013, 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 losses on fair value changes amounting to ₱6.0 million, ₱5.5 million and ₱0.05 million in 2015, 2014 and 2013, respectively. Net cumulative unrealized gains on financial assets at FVPL amounted to ₱18.1 million and ₱24.4 million as of December 31, 2015 and 2014, respectively.

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

	2015	2014
Cost:		
Balances at beginning of year	**₱41,181,502**	₱32,349,524
Additions	**4,623,460**	8,831,978
Disposals	**(1,590,000)**	–
Balances at end of year	**44,214,962**	41,181,502
Changes in fair value:		
Balances at beginning of year	**24,423,427**	29,958,227
Fair value losses	**(5,996,071)**	(5,534,800)
Disposals	**(290,000)**	–
Balances at end of year	**18,137,356**	24,423,427
	₱62,352,318	₱65,604,929

Dividend income earned on investments in financial assets at FVPL amounted to ₱0.8 million, ₱0.5 million and ₱0.4 million in 2015, 2014 and 2013, respectively, presented as "Dividend income" in profit or loss.

The Group recognized gain on disposal of financial asset at FVPL amounting to ₱0.6 million in 2015.

7. Receivables

	2015	2014
Accrued interest	**₱7,568,959**	₱4,254,022
Rent receivable (Note 21)	**641,268**	652,254
Receivable from Philippine Depositary Insurance Corporation (PDIC) [see Note 13]	**500,000**	–
Others	**532,581**	329,663
	9,242,808	5,235,939
Less allowance for impairment losses	**845,378**	845,378
	₱8,397,430	₱4,390,561

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.

8. Investments in Associates

	2015	2014
Costs:		
Acquisition costs	**₱186,260,135**	₱186,260,135
Conversion of deposit for stock subscription	**7,500,000**	–
	193,760,135	186,260,135
Accumulated equity in net earnings and OCI:		
Balances at beginning of year	**(39,018,887)**	(42,467,120)
Share in net income from associates	**105,413,232**	72,551,106
Share in OCI from associates	**10,748,690**	(13,538,300)
Dividends declared by associates	**(68,485,423)**	(55,564,573)
Balances at end of year	**8,657,612**	(39,018,887)
Deposit for stock subscription:		
Balances at beginning of year	**1,875,000**	–
Deposit	**5,625,000**	1,875,000
Conversion of deposit for stock subscription	**(7,500,000)**	–
	–	1,875,000
	₱202,417,747	₱149,116,248

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 2015	2014	Carrying Amount of Investments 2015	2014
PTC	Philippines	**30**	30	**₱147,495,526**	₱95,161,854
BPO	Philippines	**35**	35	**54,922,221**	53,954,394
MUDC	Philippines	**43**	43	**–**	–
				₱202,417,747	₱149,116,248

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*

On December 7, 2015, PTC declared cash dividends amounting to ₱35.3 million or ₱0.0235 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 ₱158.0 million or ₱0.1404 per share of the outstanding stocks as of record date of May 31, 2015. Dividends shall be payable as follows: August 31, 2015 - ₱31.6 million and October 31, 2015 - ₱126.4 million.

On December 1, 2014, PTC declared cash dividends amounting to ₱150.2 million or ₱0.1394 per share of the outstanding stocks as of record date of October 31, 2014. Dividends shall be payable as follows: December 31, 2014 - ₱7.3 million, March 31, 2015 - ₱8.7 million and April 30, 2015 - ₱134.2 million.

On July 1, 2013, PTC declared cash dividend amounting to ₱264.3 million or to ₱2.3481 per share of outstanding stocks as of record date of July 31, 2013, payable on or before December 31, 2013. PTC subsequently extended the payment date to on or before June 30, 2014. The Parent Company received dividends amounting to ₱79.3 million on April 30, 2014.

The Group's share in the dividends declared amounted to ₱58.0 million, ₱45.1 million and ₱79.3 million in 2015, 2014 and 2013, respectively. As of December 31, 2015 and 2014, the outstanding dividend receivable amounted to ₱10.6 million and ₱42.9 million, respectively (see Note 18).

b. *Deposit for Stock Subscription*
On December 1, 2014, PTC's authorized capital stock was increased from 400 million shares, with par value of ₱1 per share to 500 million shares with the same par value.

In compliance with the minimum subscription requirement for the application of the increase of PTC's capital stock, its stockholders, including the Group, deposited a total amount of ₱6.3 million, representing 25% of the minimum subscription of the capital increase. The Group maintained its percentage ownership over PTC by providing an advance payment amounting to ₱1.9 million in 2014.

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):

	2015	2014
Current assets	**₱673,369**	₱730,760
Noncurrent assets	**222,721**	139,474
Total assets	**896,090**	870,234
Current liabilities	**263,706**	394,354
Noncurrent liabilities	**159,482**	164,888
Total liabilities	**423,188**	559,242
Equity	**472,902**	310,992
Gross revenue	**1,782,703**	1,389,486
Operating profit	**326,751**	220,273
Net income	**310,232**	206,619
Group's share in net income	**93,069**	61,986

The carrying value of the investment in PTC approximates its share in net assets of PTC.

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 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.

On December 15, 2014, 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, 2014. The dividends were paid on May 21, 2015.

On December 17, 2013, BPO declared cash dividend amounting to ₱58.5 million or ₱75.00 per share of the outstanding stocks as of record date of December 17, 2013. The dividends were paid on April 30, 2014.

The Group's share in the dividends declared amounted to ₱10.5 million, ₱10.5 million and ₱20.5 million in 2015, 2014 and 2013, respectively. As of December 31, 2015 and 2014, the Group has an outstanding receivable amounting to ₱10.5 million (see Note 18).

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

	2015	2014
Current assets	**₱152,865**	₱135,886
Noncurrent assets	**68,942**	66,223
Total assets	**221,807**	202,109
Current liabilities	**114,078**	96,148
Noncurrent liabilities	**11,391**	12,388
Total liabilities	**125,469**	108,536
Equity	**96,338**	93,573
Gross revenue	**358,401**	331,975
Operating profit	**49,076**	41,447
Net income	**35,268**	30,187
Group's share in net income	**12,344**	10,565

The difference between the carrying value of the investment in BPO against the share in net assets of BPO amounting to ₱23.4 million represents goodwill at acquisition date.

MUDC
The Group has a 43% interest in MUDC. As of December 31, 2015, 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, 2015 and 2014, 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, 2015 and 2014, MUDC has incurred significant losses, which resulted in deficit of ₱438.1 million and capital deficiency of ₱257.2 million, respectively.

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 ₱94.9 million as of December 31, 2015 and 2014.

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, 2015 and 2014, the Parent Company 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.

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

	2015	2014
Current assets	**₱144**	₱188
Noncurrent assets	**16,040**	16,030
Total assets	**16,184**	16,218
Current liabilities	**280**	280
Noncurrent liabilities	**273,143**	273,133
Total liabilities	**273,423**	273,413
Capital deficiency	**(257,239)**	(257,195)
Revenues	**1**	2
Expenses	**45**	34
Net loss	**44**	32

9. AFS Financial Assets

	2015	2014
Debt securities	**₱246,312,795**	₱299,045,472
Equity securities - at fair value, net of allowance for impairment loss of ₱3.1 million and ₱1.0 million as of December 31, 2015 and 2014	**64,685,296**	26,277,942
Equity securities - at cost	**95,140,085**	47,098,730
	406,138,176	372,422,144
Less: current portion	**4,902,099**	8,978,882
	₱401,236,077	₱363,443,262

Movements in AFS financial assets are as follows:

	2015	2014
Balance at the beginning of the year	**₱372,422,144**	₱132,559,294
Additions	**84,646,959**	67,457,497
Disposals	**(65,979,989)**	(56,097,106)
Changes in fair market value:		
Profit or loss	**8,213,435**	(15,404,830)
Other comprehensive income	**8,963,303**	29,980,275
Provision for impairment loss	**(2,127,676)**	–
Reclassification	**–**	213,927,014
Balances at end of year	**₱406,138,176**	₱372,422,144

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 10.65% and 2.35% to 10.65% in 2015 and 2014, respectively. Maturity dates of the investments range from October 17, 2016 to January 31, 2023. 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 December 31, 2015 and 2014.

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:

	2015	2014
Balances at beginning of year	**₱13,115,725**	(₱16,864,550)
Changes in fair value of AFS financial assets, net tax effect ₱4,706,254 in 2015	**8,458,517**	24,664,540
Impairment loss on AFS financial assets recognized in profit or loss	**2,127,676**	–
Disposals of AFS financial assets	**(1,622,890)**	749,301
Reclassification of HTM investments to AFS investments (see Note 10)	**–**	4,530,346
Amortization of net unrealized valuation gains on AFS financial assets reclassified to HTM investments	**–**	36,088
Balances at end of year	**₱22,079,028**	₱13,115,725

Details of the allowance for impairment losses as of December 31, 2015 and 2014 are as follows:

	2015	2014
Balances at beginning of year	**₱1,000,000**	₱1,000,000
Provision	**2,127,676**	–
Balances at end of year	**₱3,127,676**	₱1,000,000

Net unrealized valuation gains on AFS financial assets attributable to equity holders of the Parent Company amounted to ₱19.3 million and ₱12.6 million as of December 31, 2015 and 2014, 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 ₱24.1 million, ₱22.7 million and ₱4.8 million in 2015, 2014 and 2013 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, ₱1.8 million and ₱0.4 million in 2015, 2014 and 2013, respectively.

The Group disposed certain AFS financial assets and recognized gains (losses) from disposal amounting to ₱0.9 million, (₱1.1 million) and ₱1.3 million in 2015, 2014 and 2013, 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 and ₱20.6 million in 2014 and 2013, respectively, presented as "Interest income" in profit or loss.

11. Property and Equipment

2015

	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	₱2,831,072	₱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

2014

	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Costs:					
Balances at beginning of year	₱62,115,626	₱8,058,590	₱8,395,222	₱2,821,925	₱81,391,363
Additions	–	634,043	–	9,147	643,190
Reclassification to investment properties (see Note 12)	(41,359,683)	–	–	–	(41,359,683)
Balances at end of year	20,755,943	8,692,633	8,395,222	2,831,072	40,674,870
Accumulated depreciation:					
Balances at beginning of year	25,069,539	7,657,214	3,783,701	2,569,936	39,080,390
Depreciation	830,238	213,780	660,975	82,143	1,787,136
Reclassification to investment properties (see Note 12)	(14,068,575)	–	–	–	(14,068,575)
Balances at end of year	11,831,202	7,870,994	4,444,676	2,652,079	26,798,951
Net book values	₱8,924,741	₱821,639	₱3,950,546	₱178,993	₱13,875,919

In 2014, the Group reclassified condominium units with net book value amounting to ₱27.3 million to investment property (see Note 12). These units are currently leased out as office space to tenants.

In 2013, the Group sold fully depreciated transportation equipment which resulted to a gain amounting to ₱0.3 million.

Fully depreciated property and equipment that are still in use amounted to ₱13.2 million and ₱11.7 million as of December 31, 2015 and 2014, respectively.

12. Investment Properties

2015

	Land	Condominium	Total
Costs:			
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

2014

	Land	Condominium	Total
Costs:			
Balances at beginning of year	₱46,319,625	₱–	₱46,319,625
Additions	–	64,829,269	64,829,269
Reclassification from property and equipment (see Note 11)	–	41,359,683	41,359,683
Balances at end of year	46,319,625	106,188,952	152,508,577
Accumulated depreciation:			
Depreciation	–	1,762,436	1,762,436
Reclassification from property and equipment (see Note 11)	–	14,068,575	14,068,575
Balances at end of year	–	15,831,011	15,831,011
Net book values	₱46,319,625	₱90,357,941	₱136,677,566

Condominium units are being leased to third parties and other related parties as office space. The investment property generated revenue amounting to ₱12.8 million, ₱4.5 million and ₱3.7 million in 2015, 2014 and 2013, 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 property amounted to ₱194.5 million as of December 31, 2015 and 2014. 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

	2015	2014
Deposit on contracts	**₱31,642,840**	₱25,586,190
Deposits	**784,132**	470,153
Fixed income deposit	–	750,499
	₱32,426,972	₱26,806,842

Deposit on contracts pertains to payments for condominium units that are expected to be completed and available for turnover in 2016.

Fixed income deposit pertains to the Parent Company's time deposit in Xavier Punla Rural Bank which will mature in 2018. Fixed income deposit earns interest at the rate of 10% per annum.

On August 24, 2015, the Monetary Board (MB) placed Xavier-Punla Rural Bank, Inc. under the management of the PDIC. The Parent Company recognized impairment loss on deposit amounting to ₱0.4 million in 2015. The Parent Company believes that it would be able to recover ₱0.5 million from PDIC (see Note 7).

14. Accounts Payable and Accrued Expenses

	2015	2014
Customer deposits (see Note 21)	**₱1,584,805**	₱1,555,859
Accounts payable	**1,001,888**	7,890,509
Accrued professional fees	**766,152**	678,391
Government payables	**602,556**	586,033
	₱3,955,401	₱10,710,792

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.

15. Retirement Benefits Cost

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:

	2015	2014	2013
Balances at beginning of year	**₱9,679,932**	₱8,143,006	₱6,349,214
Retirement benefit expense in profit or loss:			
Current service costs	**761,181**	745,456	1,251,907
Interest costs	**396,016**	357,649	260,980
	1,157,197	1,103,105	1,512,887
Remeasurements in other comprehensive income:			
Changes in financial assumptions	**97,660**	48,669	(54,103)
Experience adjustment	**(16,496)**	385,152	240,015
Changes in demographic assumptions	**–**	–	94,993
	81,164	433,821	280,905
Balances at end of year	**₱10,918,293**	₱9,679,932	₱8,143,006

Actuarial losses on retirement benefit obligation attributable to the equity holders of the Parent Company amounted to ₱2.4 million as of December 31, 2015 and 2014, respectively.

As of December 31, 2015, the Parent Company has not yet decided on the amount it will contribute to its retirement plan in 2016.

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

	2015	2014	2013
Discount rates	**4.30%**	4.20%	3.70%
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, 2015 and 2014, assuming if all other assumptions were held constant:

		Effect on defined benefit obligation		
		2015	2014	2013
Discount rates	+50 basis points	**(₱921,839)**	(₱915,570)	(₱157,052)
	-50 basis points	**926,910**	975,030	164,422
Future salary increases	+50 basis points	**909,831**	954,733	83,129
	-50 basis points	**(905,403)**	(900,994)	(118,529)

The average duration of the retirement benefit obligation as of December 31, 2015 and 2014 is 6 years.

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

	2015	2014	2013
Less than 1 year	**₱8,851,801**	₱7,842,226	₱6,568,259
More than 1 year to 5 years	**4,051,664**	3,965,868	1,940,999
More than 5 years to 10 years	**3,847,675**	3,517,693	1,213,338
	₱16,751,140	₱15,325,787	₱9,722,596

16. Income Taxes

The Group's provision for income tax in 2015, 2014 and 2013 are as follows:

	2015	2014	2013
Current:			
RCIT	**₱4,051,089**	₱2,353,362	₱5,583,353
Final tax on interest income	**2,766,639**	2,708,642	4,530,001
MCIT	**74,163**	54,405	42,084
Stock transaction tax (STT) on disposal of financial assets at FVPL	**12,427**	–	–
	6,904,318	5,116,409	10,155,438
Deferred	**1,632,010**	–	–
	₱8,536,328	₱5,116,409	₱10,155,438

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:

	2015	2014	2013
At statutory tax rate of 30%:	**₱44,453,289**	₱25,161,234	₱39,089,811
Additions to (reductions in) income tax resulting from:			
Equity in net earnings of associates	**(31,623,970)**	(21,765,332)	(26,926,803)
Benefit from income subjected to final tax	**(4,103,661)**	(1,110,935)	(3,332,805)
Movement in unrecognized temporary difference	**(2,593,867)**	1,008,370	(543,880)
Nontaxable dividend income	**(296,545)**	(276,350)	(230,292)
Nondeductible losses expenses	**2,439,260**	1,718,808	2,099,407
Expired NOLCO	**226,205**	355,703	–
Expired MCIT	**35,617**	24,911	–
	₱8,536,328	₱5,116,409	₱10,155,438

The Group's net deferred income taxes as of December 31, 2015 and 2014 are as follows:

	2015	2014
Deferred income tax assets recognized in profit or loss:		
Allowance for impairment losses on receivables and AFS financial assets	**₱5,473,313**	₱561,068
NOLCO	**287,660**	–
Retirement benefit obligation	**246,380**	–
MCIT	**170,652**	–
	6,178,005	561,068

(Forward)

	2015	2014
Deferred income tax liabilities recognized in profit or loss:		
Unrealized foreign exchange gain	**(₱7,008,605)**	(₱561,068)
Gain on fair value changes of foreign financial assets at FVPL	**(801,410)**	–
	(7,810,015)	(561,068)
	(1,632,010)	–
Deferred income tax asset recognized in OCI on retirement benefit obligation	**41,460**	–
Deferred income tax liability recognized in OCI on fair value of foreign equity securities classified as AFS financial assets	**(4,706,254)**	–
	(4,664,794)	–
	(₱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:

	2015	2014
Temporary difference through profit or loss:		
Allowance for impairment losses on receivables and AFS financial assets	**₱171,131,537**	₱140,015,133
Allowance for impairment losses on investment in an associate	**94,830,130**	94,830,130
Retirement benefit obligation	**7,604,813**	6,541,833
Provision for legal obligation	**5,000,000**	5,000,000
NOLCO	–	1,374,420
MCIT	–	132,106
	278,566,480	247,893,622
Temporary difference through OCI on retirement benefit obligation	**2,354,013**	2,276,810
	₱280,920,493	₱250,170,432

The following are the Group's unused NOLCO that can be claimed as deduction from future taxable income:

NOLCO:

Year Incurred	Year of Expiration	NOLCO
2013	2016	₱586,604
2015	2018	372,261
		₱958,865

Movement of the Group's NOLCO is as follows:

	2015	2014
Balance at beginning of year	**₱1,374,419**	₱2,849,682
Addition	**372,261**	–
Application	**(33,797)**	(289,588)
Expiration	**(754,018)**	(1,185,675)
Balance at end of year	**₱958,865**	₱1,374,419

The following are the Group's MCIT that can be claimed as deduction from income tax liabilities:

Year Incurred	Year of Expiration	MCIT
2013	2016	₱42,084
2014	2017	54,405
2015	2018	74,163
		₱170,652

Movement of the Group's MCIT is as follows:

	2015	2014
Balance at beginning of year	**₱132,106**	₱102,612
Addition	**74,163**	54,405
Expiration	**(35,617)**	(24,911)
Balance at end of year	**₱170,652**	₱132,106

17. Equity

a. Common Stock

The details of the Group's capital stock (number of shares and amounts) are as follows:

	2015	2014
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 485, 487 and 488 stockholders as of December 31, 2015, 2014 and 2013, respectively.

b. Treasury Shares

In 2013, PIEI purchased additional shares of the Parent Company. The cost to acquire 441,000 of Class A shares amounted to ₱2.5 million.

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.

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.

As of December 31, 2015 and 2014, the Group's treasury shares are as follows:

	Shares		Amount	
	2015	2014	**2015**	2014
Balance at beginning of year	**97,411,827**	97,411,827	**₱98,942,697**	₱98,942,697
Additions	**223,000**	–	**726,780**	–
Balance at end of year	**97,634,827**	97,411,827	**₱99,669,477**	₱98,942,697

c. Retained Earnings

Retained earnings is restricted to the extent of the acquisition price of the treasury shares amounting to ₱99.7 million and ₱98.9 million as of December 31, 2015 and 2014. Retained earnings is also restricted to the extent of equity in net earnings of the associates not declared as dividends as of reporting date.

On May 7, 2015, the BOD declared regular cash dividend amounting to ₱0.20 per share held payable as follows; ₱0.10 per share or ₱48,182,765 (481,827,653 shares multiplied by ₱0.10 cash dividend per share) to stockholders as of record date of June 3, 2015, payable on or before June 30, 2015; and ₱0.10 per share held or ₱48,182,766 (481,827,653 shares multiplied by ₱0.10 cash dividend per share) to stockholders as of record date of August 3, 2015, payable on or before August 30, 2015. Of the total amount declared, ₱19.4 million pertains to shares held by MCHC and PIEI.

On May 28, 2014, the BOD declared a regular cash dividend amounting to ₱0.20 per share held payable as follows; ₱0.10 per share or ₱48,182,765 (481,827,653 shares multiplied by ₱0.10 cash dividend per share) to stockholders as of record date of June 20, 2014, payable on or before July 16, 2014; and ₱0.10 per share held or ₱48,182,765 (481,827,653 shares multiplied by ₱0.10 cash dividend per share) to stockholders as of record date of July 21, 2014, payable on or before August 11, 2014. Of the total amount declared, ₱19.4 million pertains to shares held by MCHC and PIEI.

On July 24, 2013, the BOD declared a regular cash dividend amounting to ₱0.20 per share held payable as follows; ₱0.10 per share or ₱48,182,765 (481,827,653 shares multiplied by ₱0.10 cash dividend per share) to stockholders as of record date of June 14, 2013, payable on or before July 10, 2013; and ₱0.10 per share held or ₱48,182,766 (481,827,653 shares multiplied by ₱0.10 cash dividend per share) to stockholders as of record date of August 9, 2013, payable on or before September 6, 2013. Of the total amount declared, ₱19.5 million pertains to shares held by MCHC and PIEI.

Dividends payable amounted to ₱3.4 million and ₱2.5 million as of December 31, 2015 and 2014, respectively.

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 "Receivables from related parties" account, are as follows:

			Transactions during the year	Outstanding balance	Terms	Conditions
Associates:						
BPO						
	Rent income	**2015**	**₱1,212,831**	**₱18,338**	30 days; non	Unsecured; no
		2014	₱1,155,077	₱14,686	interest-bearing	impairment
	Payroll services expense	**2015**	**34,540**	–	30 days; non	Unsecured; no
		2014	37,145	–	interest-bearing	impairment
	Dividends (see Note 8)	**2015**	**10,510,423**	**10,510,423**	30 days; non	Unsecured; no
		2014	10,510,423	10,510,423	interest-bearing	impairment
PTC						
	Dividends (see Note 8)	**2015**	**57,975,000**	**10,588,500**	30 days; non	Unsecured; no
		2014	45,054,150	42,864,120	interest-bearing	impairment
MUDC						
	Advances	**2015**	**1,400**	**2,111,891**	30 days; non	Unsecured; with
		2014	–	2,119,991	interest-bearing	impairment
Under common control:						
Other related parties						
	Advances	**2015**	**2,834**	**284,643**	30 days; non	Unsecured; with
		2014	12,959	243,958	interest-bearing	impairment
		2015		**₱23,513,795**		
		2014		₱55,753,178		

Movement in the allowance for impairment losses on receivable from related parties are as follows:

	2015	2014
Receivables from related parties - at gross	**₱209,762,033**	₱242,391,063
Less Allowance for impairment loss:		
Balances at beginning of year	**186,637,885**	186,637,885
Write-off	**(389,647)**	–
Balances at end of year	**186,248,238**	186,637,885
	₱23,513,795	₱55,753,178

Allowance for impairment loss is mainly attributable to the advances to MUDC, among others.

Compensation of the key management personnel are as follows:

	2015	2014	2013
Salaries and wages	**₱7,353,369**	₱7,388,106	₱7,003,212
Other benefits	**1,277,283**	1,303,196	1,225,792
	₱8,630,652	₱8,691,302	₱8,229,004

19. Earnings per Share

The following table presents information necessary to compute the basic/dilutive EPS:

	2015	2014	2013
Net income attributable to equity holders of the parent	**₱138,463,644**	₱77,290,274	₱116,865,971
Weighted average number of ordinary shares outstanding for basic and diluted EPS	**384,346,076**	385,315,826	385,315,826
Basic and diluted earnings per share	**₱0.36**	₱0.20	₱0.30

The Group has no potential dilutive instruments issued as of December 31, 2015, 2014 and 2013.

20. 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.

21. Commitments and Contingencies

a. The Group leases a portion of its condominium spaces. The Group recognized rental income amounting to ₱12.8 million, ₱4.5 million and ₱3.7 million in 2015, 2014 and 2013, respectively. Future minimum rental income of ₱13.3 million from existing rental agreements will be recognized in 2016. As of December 31, 2015 and 2014, outstanding rent receivable amounted to ₱0.6 million and ₱0.7 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 ₱1.6 million as of December 31, 2015 and 2014 will be returned to the lessees after the lease term (see Note 14).

b. As of December 31, 2015 and 2014, 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,

AFS financial assets, and fixed income deposit included under "Other noncurrent assets" account. 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 cash and cash equivalents, receivables, receivables from related parties and accounts payable and accrued expenses, 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, receivables 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 each class of 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, 2015 and 2014, the credit qualities per class of financial assets are as follows:

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**
Receivables 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*

2014

	Neither past due nor impaired		Past due but	Individually	
	High grade	Standard grade	not impaired	impaired	Total
Loans and receivables:					
Cash and cash equivalents*	₱946,832,757	₱–	₱–	₱–	₱946,832,757
Receivables	4,390,561	–	–	845,378	5,235,939
Receivables from related parties	53,868,614	–	1,884,564	186,637,885	242,391,063
Fixed income deposits	750,499	–	–	–	750,499
Financial assets at FVPL	65,604,929	–	–	–	65,604,929
AFS financial assets	372,422,144	–	–	1,000,000	373,422,144
	₱1,443,869,504	₱–	₱1,884,564	₱188,483,263	₱1,634,237,331

**Excluding cash on hand*

High grade financial assets
High grade receivables pertain to receivables 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, 2015 and 2014.

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, 2015 and 2014 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.

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	**432,325,596**	**–**	**–**	**432,325,596**
Total financial assets	**₱690,984,522**	**₱814,178,642**	**₱–**	**₱1,505,163,164**
Financial Liabilities:				
Accounts payable	**₱1,001,888**	**₱–**	**₱–**	**₱1,001,888**
Dividends payable	**3,418,416**	**–**	**–**	**3,418,416**
Deposits payable	**1,584,805**	**–**	**–**	**1,584,805**
Accrued expense	**766,152**	**–**	**–**	**766,152**
Total financial liabilities	**₱6,771,261**	**₱–**	**₱–**	**₱6,771,261**

2014

	On demand	Within 1 year	More than 1 year	Total
Financial Assets:				
Loans and receivables				
Cash and cash equivalents	₱127,723,828	₱819,117,929	₱–	₱946,841,757
Receivables	4,390,561	–	–	4,390,561
Receivable from related parties	53,868,614	1,884,564	–	55,753,178
Fixed income deposit	–	–	750,499	750,499
Financial assets at FVPL	65,604,929	–	–	65,604,929
AFS financial assets	372,422,144	–	–	372,422,144
Total financial assets	₱624,010,076	₱821,002,493	₱750,499	₱1,445,763,068
Financial Liabilities:				
Accounts payable	₱7,890,509	₱–	₱–	₱7,890,509
Dividends payable	2,524,522	–	–	2,524,522
Deposits payable	1,555,859	–	–	1,555,859
Accrued expense	678,391	–	–	678,391
Total financial liabilities	₱12,649,281	₱–	₱–	₱12,649,281

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):

	2015	2014
Change in interest rate (percentage)		
+10%	**₱24,631,280**	₱29,904,547
–10%	**(24,631,280)**	(29,904,547)

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:

	Currency	2015 Exchange Rate	2015 Original Currency	2015 Peso Equivalent	2014 Exchange Rate	2014 Original Currency	2014 Peso Equivalent
Cash							
	USD	47.06	5,726,001	₱269,465,607	44.72	3,867,759	₱172,966,182
	HKD	6.09	138,497	843,447	5.75	37,677	216,643
	CNY	–	–	–	7.18	274,363	1,969,926
	SGD	–	–	–	33.70	27,212	917,044
	AUD	–	–	–	36.21	18,750	678,938
	EUR	–	–	–	54.34	10,872	590,784
Receivables							
	USD	47.06	116,008	5,459,336	44.72	1,045,905	46,772,872
	TRY	16.02	20,810	333,376	19.23	20,661	397,311
	BRL	12.12	8,148	98,754	19.72	6,880	135,674
	SGD	–	–	–	33.70	6,604	222,555
	AUD	–	–	–	36.21	1,333	48,268
	EUR	–	–	–	54.34	3,503	190,353
	CNY	–	–	–	7.18	112,053	804,541
Financial assets at FVPL							
	USD	47.06	471,728	22,199,520	44.72	405,177	18,119,515
	HKD	6.09	1,112,260	6,773,663	5.75	608,000	3,496,000
	EUR	51.74	79,710	4,124,195	54.34	91,228	4,957,330
AFS financial assets							
	USD	47.06	5,337,027	251,160,491	44.72	4,924,750	220,234,820
	BRL	12.12	480,675	5,825,781	19.72	496,740	9,795,713
	TRY	16.02	243,612	3,902,664	19.23	298,689	5,743,789
	HKD	–	–	–	5.75	3,765,780	21,653,235
	CNY	–	–	–	7.18	2,973,391	21,348,947
	EUR	–	–	–	54.34	194,933	10,592,659
	SGD	–	–	–	33.70	258,483	8,710,877
	AUD	–	–	–	36.21	102,195	3,700,481
				₱570,186,834			₱554,264,457

The Group has no foreign currency denominated monetary liabilities as of December 31, 2015 and 2014.

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 2015, with all other variables held constant, of the Group's 2015 and 2014 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:

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)

2014

		Effect on income before tax	
Original Currency	Percentage	Strengthened	Weakened
US dollar	5%	₱22,904,669	(₱22,904,669)
Hong Kong dollar (HKD)	5%	1,268,294	(1,268,294)
Chinese yuan (CNY)	5%	1,206,171	(1,206,171)
E.M.U. euro (EUR)	5%	816,556	(816,556)
Brazil real (BRL)	5%	496,569	(496,569)
Singapore dollar (SGD)	5%	492,524	(492,524)
Turkish lira (TRY)	5%	307,055	(307,055)
Australia dollar (AUD)	5%	221,384	(221,384)

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 2015 and 2014, with all other variables held constant, of the Group's income before income tax and equity:

Effect on income before income tax:

	2015	2014
Financial assets at FVPL:		
Change in stock market index (%)		
+10%	**₱6,235,232**	₱6,560,493
−10%	**(6,235,232)**	(6,560,493)

There is no other impact on the Group's equity other than those already affecting the income before income tax.

Effect on equity:

	2015	2014
Investment in equity securities (AFS):		
Change in club share prices (%)		
+10%	**₱6,468,530**	₱2,627,794
−10%	**(6,468,530)**	(2,627,794)

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:

	2015		2014	
	Carrying Amount	**Fair Values**	Carrying Amount	Fair Values
Financial Assets				
Current:				
Financial assets at FVPL	**₱62,352,318**	**₱62,352,318**	₱65,604,929	₱65,604,929
AFS financial assets	**4,902,099**	**4,902,099**	8,978,882	8,978,882
Noncurrent:				
AFS financial assets	**306,095,992**	**306,095,992**	316,344,532	316,344,532
	₱373,350,409	**₱373,350,409**	₱390,928,343	₱390,928,343

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 December 31, 2015 and 2014, 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, 2015 and 2014 are as follows:

	2015	2014
Common stock	**₱481,827,653**	₱481,827,653
Additional paid-in capital	**144,759,977**	144,759,977
Retained earnings	**1,238,994,327**	1,177,526,941
Treasury shares	**(99,669,477)**	(98,942,697)
Total core capital	**₱1,765,912,480**	₱1,705,171,874

25. Note to Consolidated Statements of Cash Flows

In 2014, the noncash operating activity of the Group pertain to the reclassification of HTM investments to AFS financial assets presented as noncurrent to both current and noncurrent assets. Noncash investing activity pertains to the unpaid portion of acquisition of investment property amounting to ₱4,790,340 in 2014 which was subsequently paid in 2015.

SGV
Building a better working world

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ey.com/ph

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 AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
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, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A and have issued our report thereon dated April 11, 2016. 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-A (Group A),
April 8, 2014, valid until April 7, 2017
Tax Identification No. 219-674-288
BIR Accreditation No. 08-001988-103-2014,
March 10, 2014, valid until March 9, 2017
PTR No. 5321642, January 4, 2016, Makati City

April 11, 2016

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
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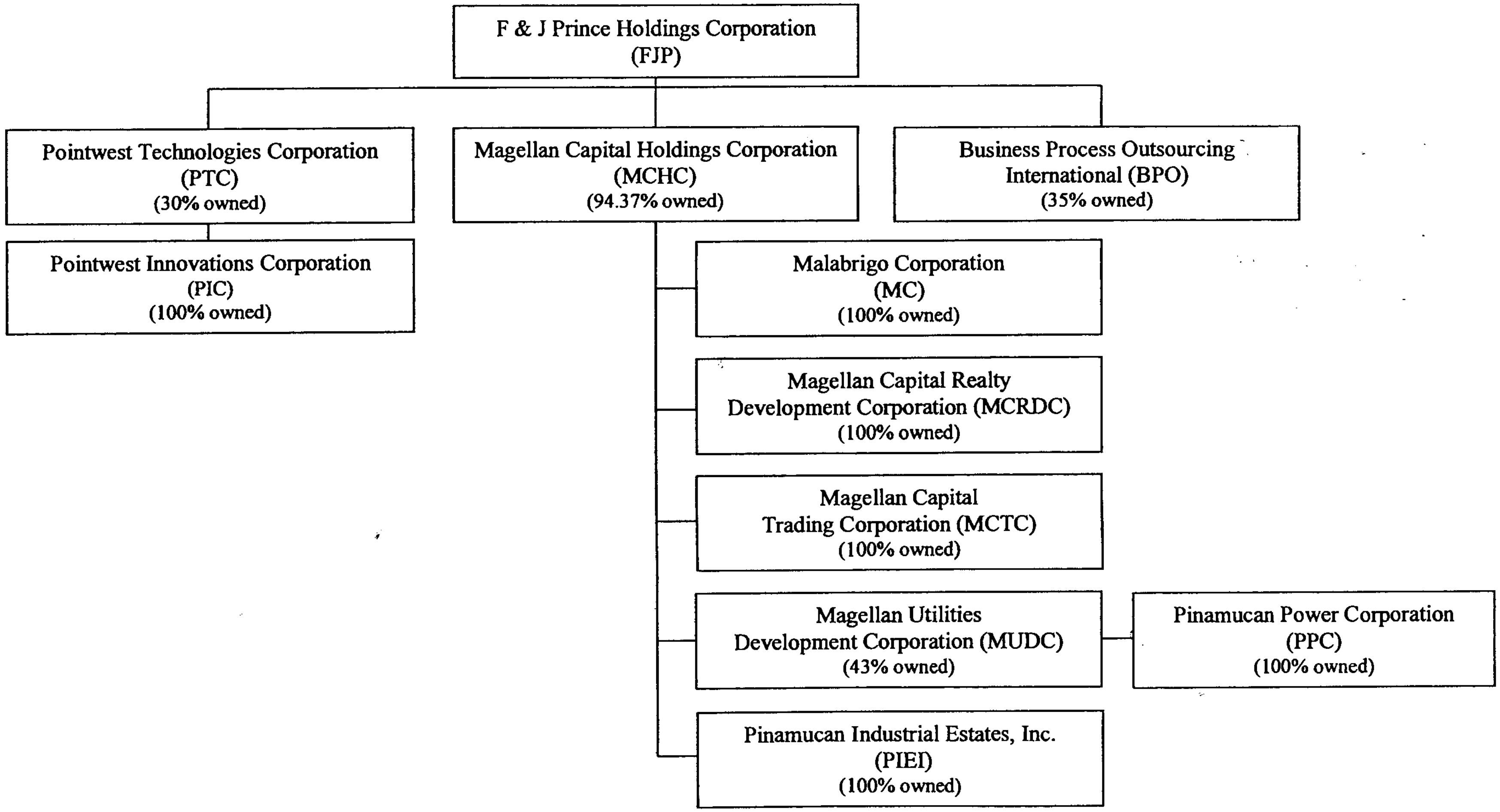
DECEMBER 31, 2015

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONGLOMERATE MAP

December 31, 2015



F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATOR

December 31, 2015

	2015	2014
LIQUIDITY ANALYSIS RATIO:		
Current assets	₱1,091,896,490	₱1,096,328,397
Current liabilities	15,565,328	20,388,566
Current Ratio	**70.15**	**53.77**
Current assets less prepayments and other current assets	₱1,075,853,594	₱1,079,684,743
Current liabilities	15,565,328	20,388,566
Quick Ratio	**69.12**	**52.96**
Total assets	₱1,872,435,278	₱1,788,132,798
Total liabilities	32,780,425	30,068,498
Solvency Ratio	**57.12**	**59.47**
FINANCIAL LEVERAGE RATIO:		
Total liabilities	₱32,780,425	₱30,068,498
Total assets	1,872,435,278	1,788,132,798
Debt Ratio	**0.02**	**0.02**
Total liabilities	₱32,780,425	₱30,068,498
Total equity	1,839,654,853	1,758,064,300
Debt-to-Equity Ratio	**0.02**	**0.02**
Interest Coverage	**N/A**	**N/A**
Total assets	₱1,872,435,278	₱1,788,132,798
Total equity	1,839,654,853	1,758,064,300
Asset to Equity Ratio	**1.02**	**1.02**
PROFITABILITY RATIO:		
Gross Profit Margin	**N/A**	**N/A**
Net income	₱139,641,302	₱78,754,371
Revenues and income	183,450,176	117,866,995
Net Profit Margin	**0.76**	**0.67**
Net income	₱139,641,302	₱78,754,371
Total assets	1,872,435,278	1,788,132,798
Return on Assets	**0.07**	**0.04**
Net income	₱139,641,302	₱78,754,371
Total equity	1,839,654,853	1,758,064,300
Return on Equity	**0.08**	**0.04**
Current share price	₱5.705	₱3.030
Earnings per share	0.36	0.20
Price/Earnings Ratio	**15.836**	**15.075**

F & J PRINCE HOLDINGS CORPORATION

SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

December 31, 2015

Unappropriated retained earnings, beginning	₱344,157,387
Adjustment:	
Unrealized foreign exchange gain net of effect on cash and cash equivalents	(733,073)
Retained earnings, as adjusted, beginning	343,424,314
Net income based on the face of the audited financial statements	61,369,832
Less:	
Unrealized foreign exchange gain net of effect on cash and cash equivalents	(194,789)
Net income actual/realized	61,175,043
Less:	
Dividend declaration	(96,365,531)
Unappropriated retained earnings, as adjusted, ending	₱308,233,826

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS
December 31, 2015

[illegible]		[illegible]	[illegible]	[illegible]
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			✓
PFRS 2	Share-based Payment			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance 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	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments (2010 version)	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
PFRS 11	Joint Arrangements			✓
	Amendment to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations	Not Early Adopted		
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts	Not Early Adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Disclosure Initiative*	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Balance Sheet Date	✓		

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

[illegible]		[illegible]	[illegible]	[illegible]
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	Not Early Adopted		
	Amendments to PAS 16: Bearer Plants	Not Early Adopted		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions			✓
	Amendments to PAS 19: Regional Market Issue regarding Discount Rate	Not Early Adopted		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
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			✓
	Amendment to PAS 27: Equity Method in Separate Financial Statements	Not Early Adopted		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendment to PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not Early Adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	Not Early Adopted		
PAS 39	Financial Instruments: Recognition and Measurement	✓		

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
	Amendment to PAS 41: Bearer Plants	Not Early Adopted		
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			✓
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 15	Agreements for the Construction of Real Estate	Not Early Adopted		
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			✓
Philippine Interpretations				
SIC-7	Introduction of the Euro			✓

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

[illegible]		[illegible]	[illegible]	[illegible]
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-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✓
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, 2015.*

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE A –FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

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:				
Berkire Hathaway	2,250 shares	₱13,981,055	₱13,981,055	₱–
Oriental Petroleum	1,260,888,642 shares	12,356,709	12,356,709	–
Goldman Sachs Group	605 shares	5,131,382	5,131,382	49,680
Ayala Land	144,000 shares	4,960,800	4,960,800	120,057
Ayala Land – preferred shares	14,400 shares	14,400	14,400	–
Sanofi	1,000 shares	4,124,283	4,124,283	91,575
Guangzhou Automobile Group	86,000 shares	3,616,488	3,616,488	91,148
Meralco	10,154 shares	3,222,880	3,222,880	98,112
Dongfeng Motor Group	50,000 shares	3,152,393	3,152,393	67,607
HSBC Holdings	1,662 shares	3,087,096	3,087,096	118,217
Ayala Corporation	4,078 shares	3,066,656	3,066,656	114,491
Ayala Corporation – preferred shares	2,110 shares	2,110	2,110	–
Philex Mining Corporation	335,323 shares	1,468,715	1,468,715	–
Calata Corporation	500,000 shares	1,640,000	1,640,000	–
Others	151,820 shares	2,527,351	2,527,351	42,796
	1,262,192,044 shares	**62,352,318**	**62,352,318**	**793,683**
AFS Financial Assets:				
Petron Corporation	₱35,000,000	35,957,600	35,957,600	2,228,440
Yuzhou Properties	$700,000	33,899,530	33,899,530	2,827,750
Theta Capital (LIPPO)	$400,000	27,939,427	27,939,427	866,771
Shui On Dev Holding (5192020)	$674,000	23,436,665	23,436,665	2,054,588
Country Garden Holding	$400,000	19,652,256	19,652,256	1,387,998
Shui On Dev Holding (5192018)	$350,000	17,253,373	17,253,373	729,907
Alfa Bank	$300,000	14,259,180	14,259,180	729,478
CK Hutchison Holdings Ltd	20,520 shares	13,062,298	13,062,298	86,332
FPT Financial Ltd	$200,000	10,268,586	10,268,586	456,825
Fixed-rate treasury notes	₱8,000,000	10,238,094	10,238,094	–
Fuerstenberg	$105,000	9,936,719	9,936,719	716,831
Soho China Ltd	$200,000	9,930,789	9,930,789	516,379
Yanlord LD Group	$200,000	9,788,480	9,788,480	737,277
Agile Property	$200,000	9,788,480	9,788,480	745,161
Vimpelcom	$200,000	9,586,122	9,586,122	257,474
China Resources Power	$200,000	9,576,710	9,576,710	668,691
Emirate NBD Tier 1	$200,000	9,008,225	9,008,225	529,919
Minerva Luxembourg	$200,000	8,870,810	8,870,810	677,901
Central China Real Estate	RMB250,000	8,548,403	8,548,403	740,320
Toyota Motors Corporation	1,290 shares	7,469,442	7,469,442	180,559
Cheung Kong Properties Holding	20,520 shares	6,293,878	6,293,878	43,166

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
BPCE S.A	$100,000	6,023,680	6,023,680	581,228
Morgan Stanley	BRL510,000	5,826,069	5,826,069	510,131
Bank of East Asia	$200,000	5,350,863	5,350,863	391,625
Kuwait Projects Co	$100,000	4,902,099	4,902,099	212,733
PHBS Ltd	$100,000	4,730,471	4,730,471	307,740
EMTN World Bank	$237,000	3,902,157	3,902,157	233,037
AXA SA	AUD100,000	3,494,879	3,494,879	253,021
Venezuela	USD100,000	2,917,720	2,917,720	398,826
Melrose Park	–	11,457,500	11,457,500	232,163
Others	1,216,695 shares	52,767,671	52,767,671	–
	1,259,025 shares	**406,138,176**	**406,138,176**	**20,302,271**
TOTAL		**₱468,490,494**	**₱468,490,494**	**₱21,095,954**

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, 2015

Name and Designation	Beginning Balance	Additions	Deductions	Current	Non-current	Ending Balance
Pointwest Technologies Corporation (PTC)	₱42,864,120	₱57,975,000	₱90,250,620	₱10,588,500	₱–	₱10,588,500
Business Process Outsourcing, International (BPO)	10,525,109	11,757,794	11,754,142	10,528,761	–	10,528,761
Magellan Utilities Development Corporation (MUDC)	2,119,991	1,400	1,500	2,111,891	–	2,111,891
Other related parties	243,958	40,685	–	284,643	–	284,643
	₱55,643,678	₱69,774,879	₱102,006,262	₱23,513,795	₱–	₱23,513,795

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, 2015

Name and Designation	Beginning Balance	Additions	Deductions	Current	Non-Current	Ending Balance
Pinamucan Industrial Estates, Inc. (PIEI)	₱2,138,652	₱85,053	₱–	₱–	₱2,223,705	₱2,223,705
Other related parties	298,670	58,812	357,482	–	–	–
	₱2,437,322	₱143,865	₱357,482	₱–	₱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, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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 AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2015 AND DECEMBER 31, 2014
WITH VERTICAL PERCENTAGE ANALYSIS

EXHIBIT "4"

	AUDITED DEC. 31,2015	VERTICAL PERCENTAGE ANALYSIS DEC. 31,2015	AUDITED DEC. 31,2014	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2014
ASSETS				
Current Assets				
Cash and cash equivalents	965,633,140	51.57%	946,841,757	52.95%
Financial assets at fair value thru profit or loss	62,352,318	3.33%	65,604,929	3.67%
Short Term Investments	-	-	-	-
Receivables-net	31,911,225	1.70%	58,259,175	3.26%
Current portion of available for sale (AFS) investments	4,902,099	0.26%	897888200.00%	0.50%
Current portion of HTM investments	-	- -	-	
Prepayment and other current assets	27,097,708	1.45%	16,643,654	0.93%
Total Current Assets	**1,091,896,490**	**58.31%**	**1,096,328,397**	**61.31%**
Noncurrent Assets				
Receivables from related parties-net	-	0.00%	1,884,564	0.11%
Investments in associates	202,417,747	10.81%	149,116,248	8.34%
HTM investments-net of current portion	-	-	-	0.00%
Available-for-sale (AFS) investments-net of current portion	401,236,077	21.44%	351,427,991	19.65%
Property and Equipment-net	12,027,977	0.64%	13,875,919	0.78%
Investment properties	132,430,015	7.07%	136,677,566	7.64%
Fixed income deposits	-	-	-	-
Other Noncurrent Assets	32,426,972	1.73%	38,822,113	2.17%
Total Non-Current Assets	**780,538,788**	**41.69%**	**691,804,401**	38.69%
TOTAL ASSETS	**1,872,435,278**	**100.00%**	**1,788,132,798**	**100.00%**

	AUDITED DEC. 31,2015	VERTICAL PERCENTAGE ANALYSIS DEC. 31,2015	AUDITED DEC. 31,2014	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2014
LIABILITIES & STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts Payable and accrued expenses	3,955,401	0.21%	10,710,792	0.60%
Dividends payable	3,418,416	0.18%	2,524,522	0.14%
Income Tax Payable	3,191,511	0.17%	2,153,252	0.12%
Provision for legal obligation	5,000,000	0.27%	5,000,000	0.28%
Total Current Liabilities	**15,565,328**	**0.83%**	**20,388,566**	**1.14%**
Non-Current Liabilities				
Deferred income tax liabilities-net	6,296,804	0.34%	-	-
Payable to related parties	-	-	-	-
Retirement benefit obligation	10,918,293	0.58%	9,679,932	0.54%
Total Non-Current Liabilities	**17,215,097**	**0.92%**	**9,679,932**	**0.54%**
Noncurrent Liabilities				
Stockholders' Equity				
Capital stock	481,827,653	25.73%	481,827,653	26.95%
Additional paid in capital	144,759,977	7.73%	144,759,977	8.10%
Treasury shares	(99,669,477)	-5.32%	(98,942,697)	-5.53%
Unrealized gains on changes in fair value of AFS investments	19,321,108	1.03%	12,590,012	0.70%
Actuarial loss on retirement benefit obligation	(2,412,162)	-0.13%	(2,376,318)	-0.13%
Accumulated share in other comprehensive income of assoc.	(15,961,151)	-0.85%	(26,709,841)	-1.49%
Retained earnings	1,238,994,327	66.18%	1,177,526,941	65.85%
Total Equity Attributable to Stockholders of the Company	1,766,860,275	94.37%	1,688,675,727	94.45%
Minority Interests	72,794,578	3.88%	69,388,573	3.87%
Total Stockholders' Equity	**1,839,654,853**	**98.25%**	**1,758,064,300**	**98.32%**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**1,872,435,278**	**100.00%**	**1,788,132,798**	**100.00%**

EXHIBIT "5"
Schedule 1

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
BREAKDOWN OF RECEIVABLES
AS OF DECEMBER 31, 2015, 2014 AND 2013

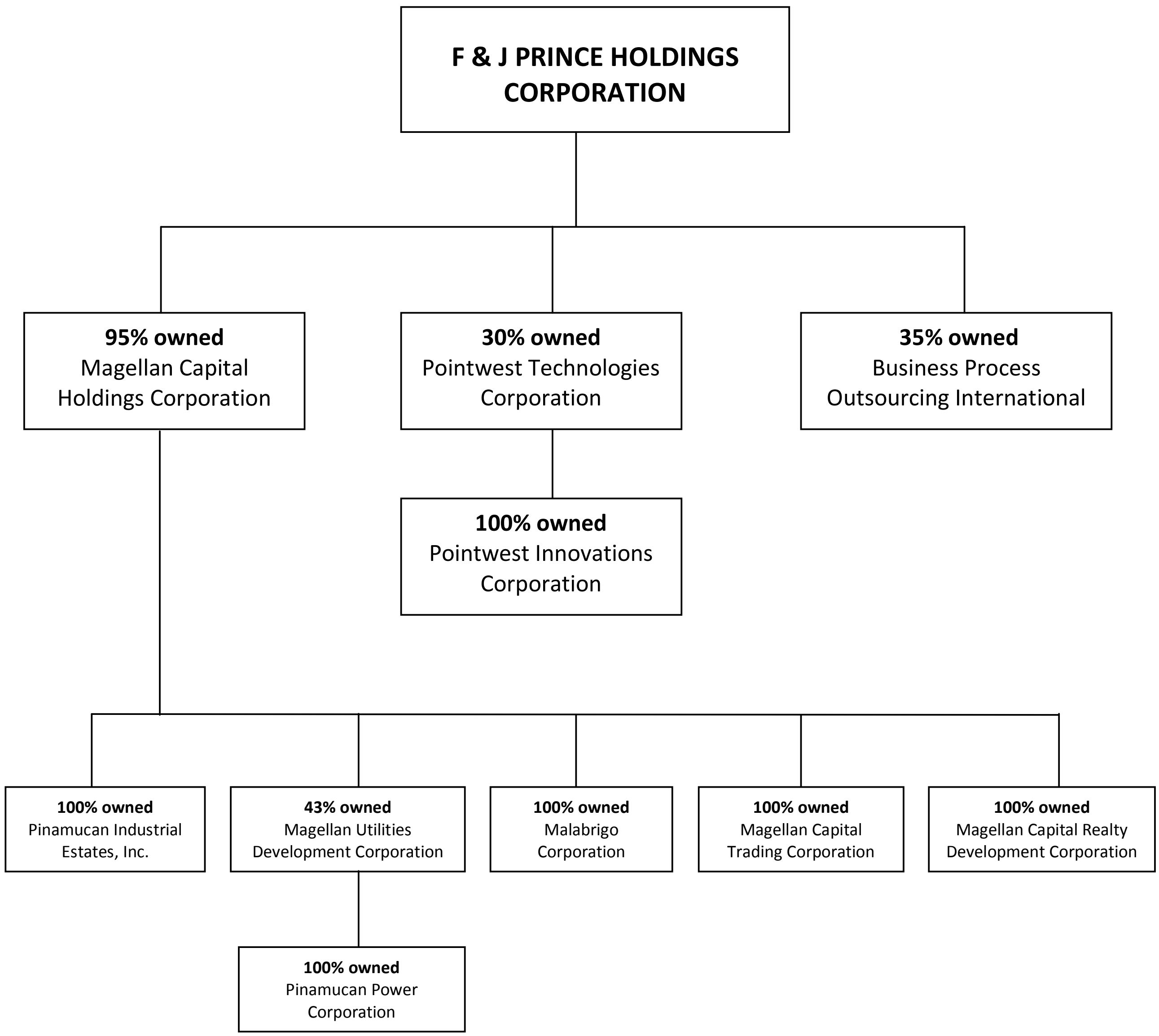
	2015	2014	2013
Receivables:			
Receivable from Related Parties:			
Pointwest Technologies Corporation	₱10,588,500	₱42,864,120	₱35,959,982
Business Process Outsourcing, International	10,528,761	10,525,109	20,486,649
Magellan Utilities Development Corporation	2,111,891	2,119,991	2,118,591
Others	284,643	243,958	355,679
Total Receivables from Related Parties	**₱23,513,795**	**₱55,753,178**	**₱58,920,901**
Interest Receivable	7,568,959	4,254,022	8,055,209
Receivable from Philippine Depositary Insurance Corporation (PDIC)	500,000	–	–
Others	328,471	136,539	456,000
Total Receivables from Third Parties	**₱8,397,430**	**₱4,390,561**	**₱8,511,209**

EXHIBIT "5"
Schedule 2

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
BREAKDOWN OF ACCOUNTS PAYABLE AND ACCRUED EXPENSES
AS OF DECEMBER 31, 2015, 2014 AND 2013

	2015	**2014**	**2013**
Accounts payable	₱1,001,888	₱7,890,509	₱2,868,257
Deposit payable	1,584,805	1,555,859	1,221,713
Government payable	602,556	586,033	521,896
Accrued expenses			
Professional fees (legal and audit fees)	664,294	669,738	621,758
Other operating expenses	101,858	8,653	261,456
Total Accounts Payable and Accrued Expenses	**₱3,955,401**	**₱10,710,792**	**₱5,495,080**

SCHEDULE OF SUBSIDIARIES AND ASSOCIATES



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 C. Tantuico

Contact Person

8927133 · 8927137

Company Telephone Numbers

12 31

Month Day

Fiscal Year

04 12

Month Day

Annual Meeting

CONSOLIDATED CHANGES IN THE ACGR FOR 2015

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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM - AGCR

CONSOLIDATED CHANGES IN THE ACGR FOR 2015

1. Report is Filed for the Year **2015**

2. Exact Name of Registrant as Specified in its Charter .... *F & J Prince Holdings Corporation*

3. **5th Floor, Citibank Center Building**
   8741 Paseo de Roxas, Makati City **1226**
   Address of Principal Office — Postal Code

4. SEC Identification Number **43370**

5. [ ] (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification **000-829-097**

7. **(632) 892-7133** ....
   Issuer's telephone number, including area code

8. ....
   Former name or former address, if changed since last report

TABLE OF CONTENTS

A. BOARD MATTERS

1) Board of Directors.

Number of Directors per Articles of Incorporation – ***11 directors***

Number of Directors for the year – ***11 directors***

(a) Composition of the Board

DIRECTOR'S NAME	EXECUTIVE (ED), NON-EXECUTIVE (NED), INDEPENDENT DIRECTOR (ID)	IF NOMINEE, IDENTIFY THE PRINCIPAL	NOMINATOR IN THE LAST ELECTION (IF ID, STATE THE RELATIONSHIP WITH THE NOMINATOR)	DATE FIRST ELECTED	DATE LAST ELECTED (IF ID, STATE THE NUMBER OF YEARS SERVED AS ID)[1]	ELECTED WHEN (ANNUAL/ SPECIAL MEETING)	NUMBER OF YEARS SERVED AS DIRECTOR
Robert Y. Cokeng	*ED*				*July 28, 2015*	*Annual Meeting*	*Director and officer since 1996.*
Francisco Y. Cokeng, Jr.	*ED*				*July 28, 2015*	*Annual Meeting*	*Director since 1980-1991; 1996*
Emeterio L. Barcelon, SJ	*ED*				*July 28, 2015*	*Annual Meeting*	*Director since 1980.*
Johnson U. Co	*ED*				*July 28, 2015*	*Annual Meeting*	*Director and officer since 1996.*
Mark Ryan K. Cokeng	*ED*			*July 28, 2011*	*July 28, 2015*	*Annual Meeting*	*Director and officer since 2011.*
Mary K. Cokeng	*NED*				*July 28, 2015*	*Annual Meeting*	*Director since 2008.*
Johnson Tan Gui Yee	*NED*				*July 28, 2015*	*Annual Meeting*	*Director since 1997.*
Rufino B. Tiangco	*NED*				*July 28, 2015*	*Annual Meeting*	*Director since 1997.*
Johnny O. Cobankiat	*NED*				*July 28, 2015*	*Annual Meeting*	*Director since 2008.*
Francis L. Chua	*ID*	*Independent Director*			*July 28, 2015*	*Annual Meeting*	*Director since 2001.*
Robert Y. Ynson	*ID*	*Independent Director*			*July 28, 2015*	*Annual Meeting*	*Director since 1997.*

[1] Reckoned from the election immediately following January 2, 2012

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasis the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Board of Directors and Management, employees and shareholders believe that corporate governance is a necessary component of what constitutes sound strategic management and, through the company's Revised Manual on Corporate Governance, has undertaken every effort necessary to create awareness of the principles of good corporate governance within the organization. Towards this end, certain policies have been adopted towards ensuring that the interests of all stakeholders in the Corporation will be addressed: The Board of Directors are responsible to foster long term success of the Corporation while conducting itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. The Board is responsible for ensuring that the rights of the shareholders as provided for in the Corporation Code are respected and addressed.

(c) How often does the Board review and approve the vision and mission?

The Board reviews the company's vision and mission as may be necessary. For now, the company's current vision and mission has provided the goal that Management has striven to achieve and which has produced good results for the company.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[2]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

DIRECTOR'S NAME	CORPORATE NAME OF THE GROUP COMPANY	TYPE OF DIRECTORSHIP (EXECUTIVE, NON-EXECUTIVE, INDEPENDENT). INDICATE IF DIRECTOR IS ALSO THE CHAIRMAN
ROBERT Y. COKENG	***Magellan Capital Holdings Corporation and Subsidiaries; Magellan Utilities Development Corporation***	***Executive***
EMETERIO L. BARCELON, SJ	***Magellan Capital Holdings Corporation***	***Non- Executive***
JOHNSON U. CO	***Magellan Capital Holdings Corporation and Subsidiaries; Magellan Utilities Development Corporation***	***Executive***
MARK RYAN K. COKENG	***Magellan Capital Holdings Corporation and Subsidiaries; Magellan Utilities Development Corporation***	***Executive***

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

MARY K. COKENG	***Magellan Capital Holdings Corporation and Subsidiaries***	***Non-Executive***
RUFINO B. TIANGCO	***Magellan Capital Holdings Corporation; Magellan Utilities Development Corporation***	***Non-Executive***
JOHNSON TAN GUI YEE	***Magellan Capital Holdings Corporation; Magellan Utilities Development Corporation***	***Non-Executive***

(ii) Directorship in Other Listed Companies

DIRECTOR'S NAME	CORPORATE NAME OF THE GROUP COMPANY	TYPE OF DIRECTORSHIP (EXECUTIVE, NON-EXECUTIVE, INDEPENDENT). INDICATE IF DIRECTOR IS ALSO THE CHAIRMAN.
ROBERT Y. COKENG	***Cosco Capital, Incorporated (formerly Alcorn Gold Resources Corporation***	***Non-Executive***
JOHNNY O. COBANKIAT	***Shang Properties inc.***	***Non-Executive***

(iii) Relationship within the Company and its Group:

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.

(iv) Has the company set a limit on the number of board seats in other companies (publicly-listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed imposed and observed? If yes, briefly describe other guidelines:

There are no written guidelines on the number of board seats a director may hold in other publicly-listed companies or ordinary companies and companies with secondary license. However, as records will show, it has been the practice for the board members not to exceed the limit of 5 board seats.

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company: •

NAME OF DIRECTOR	NUMBER OF DIRECT SHARES	NUMBER OF INDIRECT SHARES / THROUGH NAME OF RECORD OWNER	% OF CAPITAL STOCK
Robert Y. Cokeng	***13,693,072***	***2,020,000***	***3.26%***
Francisco Y. Cokeng, Jr.	***2,160,000***	***0***	***0.45%***
Emeterio L. Barcelon, SJ	***304,952***	***0***	***0.06%***
Johnson U. Co	***1,100,000***	***0***	***0.23%***
Mark Ryan K. Cokeng	***0***	***10,000***	***0.002%***
Mary K. Cokeng	***0***	***1,000***	***0.0002%***
Johnson Tan Gui Yee	***15,371,747***	***0***	***3.19%***
Rufino B. Tiangco	***128,000***	***0***	***0.03%***
Johnny O. Cobankiat	***0***	***7,227,076***	***1.50%***
Francis L. Chua	***100,000***	***0***	***0.02%***
Robert Y. Ynson	***325,667***	***0***	***0.07%***

2. Chairman and CEO

(a) Do different persons assume the role of the Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ______ No ✓

Identify the Chair and CEO: ***ROBERT Y. COKENG***

Chairman of the Board	***ROBERT Y. COKENG***
CEO/President	***ROBERT Y. COKENG***

Independent Directors and Non-Executive Directors are encouraged to express their views on matters presented to the Board.

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	CHAIRMAN	CHIEF EXECUTIVE OFFICER
Role Accountabilities Deliverables	***Per By-Laws the Chairman shall preside at all regular and special meetings of the board and the annual and special meetings of the stockholders.***	***The President who must be a member of the Board of Directors shall have the general supervision of the affairs of the company; shall sign and countersign all certificates, and as authorized by the Board of Directors, all contracts and other instruments of the company' shall make reports to the directors and stockholders; shall see that the resolutions of the Board of Directors are duly executed and carried out; and shall perform all such other duties as are incident of his office or are properly required of him by the Board of Directors (Article IV, By-Laws).***

3. Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

   Per By-Laws, the officers of the company are elected by the Board of Directors. Thus, should there be any vacancy, the Board of Directors shall fill the same for the unexpired term.

4. Other Executive, Non-Executive and Independent Directors

   Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

   As much as possible, the Nominations Committee selects nominees who will provide a diversity of experience and background.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

If there is an opportunity for this, the same will be considered.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT DIRECTOR
Role Accountabilities Deliverables	***The Company has no executive committee.***	***These are all defined in the Corporation's Revised Manual on Corporate Governance.***	

Provide the company's definition of "independence" and describe the company's compliance to the definition.

The Company adheres to the definition of independence prescribed by related laws and regulations such as SEC Circular No. 16 which defines an independent director as "a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any corporation. He is not a director or officer or substantial stockholder of the corporation or of its related companies or any of its substantial shareholders, is not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders, has not been employed in any executive capacity by that public company, any of its related companies or by any of its substantial shareholders within the last five (5) years; is not retained as professional adviser by that public company, any of its related companies or by any of its substantial shareholders within the last five (5) years, either personally of through his firm; and not engaged and does not engage in any transaction with the corporation or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant." From such a definition, the company's concept of independence has emerged. In sum, the company strives o direct its goals towards ensuring that the good of the company and all its shareholders are protected and ensured free from any personal gain of only a few.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company's Board of Directors is in the process of reviewing its Manual on Corporate Governance which includes setting the term limit of five consecutive years.

5. Changes in the Board of Directors (Executive, Non-Executive, and Independent Directors)

   (a) Resignation/Death/Removal

   There have been no changes in the composition of the Board of Directors that happened during the period.

   (b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

PROCEDURE	PROCESS ADOPTED	CRITERIA
a. Selection/Appointment		
(i) Executive Directors	***ANNUAL STOCKHOLDERS' MEETING***	
(ii) Non-Executive Directors		
(iii) Independent Directors		
b. Re-Appointment		
(i) Executive Directors	***ANNUAL STOCKHOLDERS' MEETING***	
(ii) Non-Executive Directors		
(iii) Independent Directors		
c. Permanent Disqualification		
(i) Executive Directors	***NONE***	
(ii) Non-Executive Directors		
(iii) Independent Directors		
d. Temporary Disqualification		
(i) Executive Directors	***NONE***	
(ii) Non-Executive Directors		
(iii) Independent Directors		
e. Removal		
(i) Executive Directors	***NONE***	***NONE***
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive Directors	***NONE***	***NONE***
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	***NONE***	***NONE***
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting – 28 July 2015

NAME OF DIRECTOR	VOTES RECEIVED
ROBERT Y. COKENG	***Unanimous – 80.20%***
FRANCISCO Y. COKENG, JR.	
EMETERIO L. BARCELON, SJ	
JOHNSON U. CO	
MARK RYAN K. COKENG	
JOHNSON TAN GUI YEE	
MARY K. COKENG	
RUFINO B. TIANGCO	
JOHNNY O. COBANKIAT	
FRANCIS L. CHUA	
ROBERT Y. YNSON	

6. Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

There have been no company's orientation program or any in-house training and external courses attended for new directors of the company. Should there be a new set of Directors, an orientation program will be established.

(b) State any in-house training and external courses attended by Directors and Senior Management[3] for the past three (3) years.

Aside from the Philippine Stock Exchange's Annual Listing and Disclosure Seminar held annually, the following are the briefings or programs attended by our Corporate Secretary, Atty. Fina C. Tantuico.

NAME OF DIRECTOR/OFFICER	DATE OF TRAINING	PROGRAM	NAME OF TRAINING INSTITUTION
Atty. Fina C. Tantuico Corporate Secretary	***April 23, 2015***	***SEC Corporate Governance Workshop on CG Scorecard (ACGS)***	***Securities and Exchange Commission (SEC)***
	November 10, 2015	***PSE Annual Disclosure Rules Seminar***	***Philippine Stock Exchange (PSE)***
	December 9, 2015	***Updates on Philippine Practices on Corporate Governance and Enterprise Risk Management***	***SGV***

[3] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

(c) Continuing education programs for directors: program and seminars and roundtables attended during the year. ***NONE***

B. CODE OF BUSINESS CONDUCT & ETHICS

1. Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

BUSINESS CONDUCT & ETHICS	DIRECTORS	SENIOR MANAGEMENT	EMPLOYEES
a) Conflict of Interest	***The Company observes all pertinent rules and procedures that are found in the Corporation Code and the Securities Regulation Code with respect to related transactions.***		
b) Conduct of Business and Fair Dealings			
c) Receipt of gifts from third parties			
d) Compliance with Laws & Regulations			
e) Respect for Trade Secrets/Use Non- public Information			
f) Use of Company Funds, Assets and Information			
g) Employment & Labor Laws & Policies			
h) Disciplinary action			
i) Whistle blower			
j) Conflict Resolution			

2. Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

   They have been made aware of the company's policies on this matter.

3. Discuss how the company implements and monitors compliance with the code of ethics or conduct.

   The members of the Board as well as the employees of the company have been made aware of and observe the company's policy on ethics or conduct.

4. Related Party Transaction

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

RELATED PARTY TRANSACTIONS	POLICIES AND PROCEDURES
(1) Parent Company	***Subject to approval of non-related directors.***
(2) Joint Ventures	***Subject to approval of partners.***
(3) Subsidiaries	***Subject to approval of directors of board committees.***
(4) Entities Under Common Control	***Subject to approval of non-executive directors.***
(5) Substantial Stockholders	***Subject to approval of non-related directors.***
(6) Officers including spouses/ children/siblings/parents	
(7) Directors including spouses/ children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) Director/Officers and 5% or more stockholders
Identify any actual or probable conflict of interest to which directors/officers/5% Or more shareholders may be involved.

	DETAILS OF CONFLICT OF INTEREST (ACTUAL OR PROBABLE)
Name of Directors	***There is none that is discernible at present.***
Name of Officers	
Name of Significant Shareholders	

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	DIRECTORS/OFFICERS/SIGNIFICANT SHAREHOLDERS
Company	***Required to divulge any conflict of interest.***
Group	

5. Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family[4], commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

NAMES OF RELATED SIGNIFICANT SHAREHOLDERS	TYPE OF RELATIONSHIP	BRIEF DESCRIPTION OF THE RELATIONSHIP
Essential Holdings Limited	***Owned by the Chairman and President***	***Beneficial Owner***
Magellan Capital Holdings Corporation (MCHC)	***95% Owned by the Registrant***	***95% Subsidiary***
Pinamucan Industrial Estates, Inc.	***100% Owned by MCHC***	***Subsidiary of subsidiary***

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

NAMES OF RELATED SIGNIFICANT SHAREHOLDERS	TYPE OF RELATIONSHIP	BRIEF DESCRIPTION OF THE RELATIONSHIP
Magellan Capital Holdings Corporation (MCHC)	***Lessor - Lessee***	***Pinamucan Industrial Estates, Inc. rents office space from MCHC.***

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company: ***NONE***

6. Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	ALTERNATIVE DISPUTE RESOLUTION SYSTEM
Corporation & Stockholders Corporation & Third Parties Corporation & Regulatory Authorities	***There has been no dispute requiring any mode of dispute resolution. Should any arise, all the alternative dispute resolution mechanisms provided by law will be explored such as negotiation, amicable settlement, mediation and ad hoc arbitration.***

[4] Family relationship up to the fourth civil degree of consanguinity of affinity.

C. BOARD MEETINGS & ATTENDANCE

1. Are Board of Director's meetings scheduled before or at the beginning of the year?

   Meetings are scheduled a month before the date of the meeting. The By-Laws require quarterly meetings.

2. Attendance of Directors.

BOARD	NAME	REGULAR BOARD MEETING APRIL 10, 2015	REGULAR BOARD MEETING APRIL 30, 2015	SPECIAL BOARD MEETING MAY 07, 2015	ORGANIZATIONAL BOARD MEETING JULY 28, 2015	REGULAR BOARD MEETING OCT. 14, 2015
Chairman	***Robert Y. Cokeng***	***Present***	***Present***	***Present***	***Present***	***Present***
Member	***Francisco Y. Cokeng, Jr.***	***Present***	***Present***	***Present***	***Present***	***Present***
Member	***Emeterio L. Barcelon, SJ***	***Present***	***Present***	***Present***	***Present***	***Present***
Member	***Johnson U. Co***	***Present***	***Present***	***Present***	***Present***	***Present***
Member	***Mark Ryan K. Cokeng***	***Present***	***Present***	***Present***	***Present***	***Present***
Member	***Johnson Tan Gui Yee***	***Present***	***Present***	***Present***	***Present***	***Present***
Member	***Rufino B. Tiangco***	***Present***	***Present***	***Present***	***Present***	***Present***
Member	***Mary K. Cokeng***	***Present***	***Present***	***Present***	***Present***	***Present***
Member	***Johnny O. Cobankiat***	***Present***	***Present***	***Present***	***Absent***	***Present***
Independent	***Robert Y. Ynson***	***Present***	***Present***	***Present***	***Absent***	***Present***
Independent	***Francis L. Chua***	***Present***	***Present***	***Present***	***Present***	***Present***

3. Do non-executive directors have a separate meeting during the y ear without the presence of any executive? If yes, how many times?

   No, it has not been the practice of the company for the non-executive directors to hold separate meetings during the year without the presence of any executive.

4. Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

   Per the Corporation's By-laws, "a quorum at any meeting of the directors shall consist of a majority of the entire membership of the board. A majority of such quorum shall decide any questions that may come before the meeting." A quorum for purposes of a Board meeting has thus been set at 6. Despite this number, it has been the practice of the Board to ensure the attendance of at least 7 members, constituting two-thirds of Board membership.

5. Access to Information

(a) How many days in advance are board papers[5] for board of directors meetings provided to the board?

The number of days depends on the item to be discussed. If the matter to be discussed involves lengthy references, these are usually distributed along with the Notices, which are issued one week in advance. Otherwise, materials are usually distributed at least one day before the Board meeting.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes, board members have independent access to Management and the Corporate Secretary.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The Board relies on the Corporate Secretary, who has always been a lawyer, for all matters regarding the preparation of Board meetings. She is often consulted on the legal aspects of all matters that have to be decided upon and she is expected to apprise the Board of any statutory and regulatory developments.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes, in the history of the company, it will be observed that the position of Corporate Secretary has always been occupied by a lawyer.

[5] Board Papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes ✓ No _____

COMMITTEE	DETAILS OF THE PROCEDURES
Executive	***There is no executive committee in F&J but only in MCHC. There is no written procedure but it has always been the practice of the Directors to inquire from the either the President or the Corporate Secretary.***
Audit	
Nomination	
Remuneration	
Others (Specify)	

6. External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

There is no written procedure but the directors are free to obtain any advice from any external source should the need arise.

7. Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

To date, there has been no change introduced by the Board of Directors during its recent term on existing policies that may have an effect on the business of the company.

D. REMUNERATION MATTERS

1. Remuneration Process

   Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated officers:

PROCESS	CEO	TOP 4 HIGHEST PAID MANAGEMENT OFFICERS
(1) Fixed remuneration	***NONE***	***NONE***
(2) Variable remuneration	***NONE***	***NONE***
(3) Per Diem allowance	***Per By-Laws***	***Per By-Laws***
(4) Bonus	***One month bonus last year paid by subsidiary***	***One month bonus last year (given to all staff) paid by subsidiary***
(5) Stock Options and other Financial instruments		
(6) Others (Specify)		

2. Remuneration Policy and Structure for Executive and Non-Executive Directors

   Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors in calculated.

	REMUNERATION POLICY	STRUCTURE OF COMPENSATION PACKAGES	HOW COMPENSATION IS CALCULATED
Executive Directors	***Compensation***		
Non-Executive Directors	***Per Diem***	***₱5,000.00 per attendance at Board meeting***	***Per By-Laws***

None of the directors of the company are paid any compensation as such. The executive directors including the Corporate Secretary are paid professional fees and compensation by the company and its subsidiaries, Magellan Capital Holdings Corporation and Pinamucan Industrial Estates, Inc. Prior to 2002, directors were not paid any compensation other than a per diem of Five Thousand (₱5,000.00) per attendance at Board meetings as enshrined in its By-Laws. On 12 February 2002, however, the SEC approved the amendment to the Corporation's By-laws where by each of the Directors are entitled to receive a reasonable per diem , as may be fixed by the Board.

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Yes, stockholders have the opportunity to approve the decision on the remuneration of the members of the Board. Section 6, Article III of the Corporation's By-Laws as amended provide that:

> ***"6. Compensation of Directors. –***
> ***Each Director shall receive a reasonable per diem, as may be fixed by the Board of Directors, for attendance as such director at Board meetings, whether regular or special, and other official functions of the Company, provided that any other compensation, except for such per diems, may be granted to directors, by vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders' meeting, and provided further that nothing herein contained shall be construed to preclude any director from serving the Company in any other capacity and receiving such compensation therefor, as may be fixed from time to time by the Board of Directors."***

This power given to the stockholders has not been exercised by them, to date as the directors of the company continue to receive only reasonable per diems.

3. Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year (including compensation from subsidiary):

REMUNERATION ITEM	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS (other than independent directors)	INDEPENDENT DIRECTORS
(1) Fixed remuneration	***8,578,567***	***NONE***	
(2) Variable Remuneration	***NONE***	***NONE***	
(3) Per Diem allowance	***₱5,000./meeting***	***₱5,000./meeting***	***₱5,000./meeting***
(4) Bonus (One month)	***₱640,667***		
(5) Stock Options and Other Financial Instruments	***NONE***	***NONE***	***NONE***
(6) Others (Specify)			
Total			

OTHER BENEFITS	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS (other than Independent Directors)	INDEPENDENT DIRECTORS
1) Advances	***NONE***	***NONE***	***NONE***
2) Credit granted	***NONE***	***NONE***	***NONE***
3) Pension Plan/s Contribution	***NONE***	***NONE***	***NONE***
4) Pension Plan/s, Obligations incurred	***NONE***	***NONE***	***NONE***
5) Life Insurance Premium	***NONE***	***NONE***	***NONE***
6) Hospitalization Plan	***NONE***	***NONE***	***NONE***
7) Car Plan	***NONE***	***NONE***	***NONE***
8) Others (Specify)	***NONE***	***NONE***	***NONE***
Total			

4. Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

DIRECTOR'S NAME	NUMBER OF DIRECT OPTION/ RIGHTS/WARRANTS	NUMBER OF INDIRECT OPTION/ RIGHTS/WARRANTS	NUMBER OF EQUIVALENT SHARES	TOTAL % FROM CAPITAL STOCK
NONE				

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these subject to approval during the Annual Stockholders' Meeting:

INCENTIVE PROGRAM	AMENDMENTS	DATE OF STOCKHOLDERS' APPROVAL
NONE		

5. Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

NONE

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

COMMITTEE	NUMBER OF MEMBERS			COMMITTEE CHARTER	FUNCTIONS	KEY RESPONSI-BILITIES	POWER
	EXECUTIVE DIRECTOR (ED)	NON-EXECUTIVE DIRECTOR (NED)	INDE-PENDENT DIRECTOR (ID)				
Executive	***NONE***	***NONE***	***NONE***	***NONE***	***NONE***	***NONE***	***NONE***
Audit	***2***	***2***	***1***				
Nomination	***2***	***2***	***1***				
Remuneration	***2***	***2***	***1***				

2) Committee Members

(a) Executive Committee. ***No Executive Committee was elected.***

(b) Audit Committee

OFFICE	NAME	DATE OF APPOINTMENT	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	%	LENGTH OF SERVICE IN THE COMMITTEE
Chairman (ID)	***FRANCIS L. CHUA***	***July 28, 2015***	***1***	***1***		***Since January 15, 2003***
Member (ED)	***ROBERT Y. COKENG***	***July 28, 2015***	***1***	***1***		
Member (NED)	***RUFINO B. TIANGCO***	***July 28, 2015***	***1***	***1***		
Member (ED)	***JOHNSON U. CO***	***July 28, 2015***	***1***	***1***		
Member (NED)	***JOHNSON TAN GUI YEE***	***July 28, 2015***	***1***	***1***		

Disclose the profile or qualifications of the Audit Committee members. Describe the Audit Committee's responsibility relative to the external auditor.

(c) Nomination Committee

OFFICE	NAME	DATE OF APPOINTMENT	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	%	LENGTH OF SERVICE IN THE COMMITTEE
Chairman	***ROBERT Y. COKENG***	***July 28, 2015***	***1***	***1***		***Since January 15, 2003***
Member (ED)	***JOHNSON U. CO***	***July 28, 2015***	***1***	***1***		
Member (NED)	***RUFINO B. TIANGCO***	***July 28, 2015***	***1***	***1***		
Member (ID)	***ROBERT Y. YNSON***	***July 28, 2015***	***1***	***1***		
Member (NED)	***JOHNSON TAN GUI YEE***	***July 28, 2015***	***1***	***1***		

(d) Remuneration Committee

OFFICE	NAME	DATE OF APPOINTMENT	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	%	LENGTH OF SERVICE IN THE COMMITTEE
Chairman	***ROBERT Y. COKENG***	***July 28, 2015***	***1***	***1***		***Since January 15, 2003***
Member (ED)	***JOHNSON U. CO***	***July 28, 2015***	***1***	***1***		
Member (NED)	***RUFINO B. TIANGCO***	***July 28, 2015***	***1***	***1***		
Member (ID)	***FRANCIS L. CHUA***	***July 28, 2015***	***1***	***1***		
Member (NED)	***JOHNSON TAN GUI YEE***	***July 28, 2015***	***1***	***1***		

(e) Others (Specify)

OFFICE	NAME	DATE OF APPOINTMENT	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	%	LENGTH OF SERVICE IN THE COMMITTEE
Chairman	***NONE***	***NONE***	***NONE***	***NONE***		***NONE***
Member (ED)						
Member NED)						
Member (ID)						
Member						

3. Changes in Committee Members. ***NONE***

4. Work Done and Issues Addressed

NAME OF COMMITTEE	WORK DONE	ISSUES ADDRESSED
Executive	***NO EXECUTIVE COMMITTEE***	
Audit	***Review Financial Statements and meet External Auditors approves Audited Financial Statements and Audit Policies***	
Nomination	***Review Nominations for Directors***	
Remuneration	***Review Compensation Policies***	

5. Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

NAME OF COMMITTEE	PLANNED PROGRAMS	ISSUES ADDRESSED
Executive	***NONE***	***NONE***
Audit	***Still under study. The Audit Committee is studying possibility of outsourcing internal audit functions.***	***Still under study.***
Nomination		
Remuneration		

F. RISK MANAGEMENT SYSTEM

1. Disclose the following:

(a) Overall risk management philosophy of the company;

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.

(b) A statement that directors have reviewed the effectiveness of the risk management sys system and commenting on the adequacy thereof;

The BOD periodically reviews the effectiveness of the risk management system which has proven to be adequate.

(c) Period covered by the review;

The BOD periodically reviews the effectiveness of the risk management system yearly and when necessary.

(d) How often the risk management system is reviewed and the director's criteria for assessing its effectiveness; and

The BOD periodically reviews the effectiveness of the risk management system yearly and when necessary.

(e) Where no review was conducted during the year, an explanation why not.

The BOD periodically reviews the effectiveness of the risk management system yearly and as often as necessary.

2. Risk Policy

   (a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy behind the policy for each kind of risk:

<u>Financial Risk Management Objectives and Policies</u>
The principal financial instruments of the Group consist of cash and cash equivalents, financial assets at FVPL, AFS financial assets and fixed income deposit and investment in LLP included under "Other noncurrent assets" account. The man purpose of these financial instruments is to place excess cash in income-earning investments. The Group has various other financial instruments such as receivables, receivables from related parties and accounts payable and accrued expenses which arise directly from its operations. The main risks arising from the Groups financial instruments are credit risk, liquidity risk, and market risk (i.e., interest foreign currency risk and equity price risk). The Group's 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. (2014 Management Report, pp. 90)

<u>Credit Risk</u>
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, financial assets at FVPL, fixed income deposit, investment in LLP and receivables) to its financial assets.(2014 Management Report, pp. 90)

<u>Credit risk management</u>
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 is 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 the other financial assets of the Group, which comprise cash and cash equivalents, receivables from third parties and related parties and fixed income deposits and investment in LLP under other noncurrent assets, 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. (2014 Management Report pp. 90)

<u>Credit risk exposures</u>
At reporting date, the Group's maximum exposure to credit risk is equal to the carrying amount of each class of financial assets recognized in the consolidated statements of financial position. The Group's financial assets are not covered by collateral from counterparties. (2014 Management Report, pp. 90)

Credit risk concentration profile
The Group has no significant concentrations of credit risk. (2014 Management Report pp. 90).

High grade financial assets
High grade receivables pertain to receivables 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. (2014 Management Report pp. 91).

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, 2014 and 2013. (2014 Management Report pp. 91)

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. (2014 Management Report pp. 92)

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 liquid investments and maintaining a significant amount of cash and cash equivalents and pre-terminable investments in its portfolio. (2014 Management Report, pp. 93)

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 risk 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 that risk. (2014 Management Report pp. 94)

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. (2014 Management Report, pp. 94)

b. <u>Foreign Currency risk</u>: 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 and liabilities. The Group has no foreign currency denominated monetary liabilities as of 31 December 2014. (2014 Management Report, pp. 95-96)

c. <u>Equity Price risk</u>: The 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 fund 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 effects to respective share prices. (2014 Management Report, pp. 97)

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

<u>Financial Risk Management Objectives and Policies</u>
The principal financial instruments of the Group consist of cash and cash equivalents, financial assets at FVPL, AFS financial assets and fixed income deposit and investment in LLP included under "Other noncurrent assets" account. The man purpose of these financial instruments is to place excess cash in income-earning investments. The Group has various other financial instruments such as receivables, receivables from related parties and accounts payable and accrued expenses which arise directly from its operations. The main risks arising from the Groups financial instruments are credit risk, liquidity risk, and market risk (i.e., interest foreign currency risk and equity price risk). The Group's 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. (2014 Management Report, pp. 90)

<u>Credit Risk</u>
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, financial assets at FVPL, fixed income deposit, investment in LLP and receivables) to its financial assets.(2014 Management Report, pp. 90)

<u>Credit risk management</u>
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 is 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 the other financial assets of the Group, which comprise cash and cash equivalents, receivables from third parties and related parties and fixed income deposits and investment in LLP under other noncurrent assets, 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. (2014 Management Report pp. 90)

Credit risk exposures
At reporting date, the Group's maximum exposure to credit risk is equal to the carrying amount of each class of financial assets recognized in the consolidated statements of financial position. The Group's financial assets are not covered by collateral from counterparties. (2014 Management Report, pp. 90).

Credit risk concentration profile
The Group has no significant concentrations of credit risk. (2014 Management Report pp. 90).

High grade financial assets
High grade receivables pertain to receivables 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. (2014 Management Report pp. 91).

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, 2014 and 2013. (2014 Management Report pp. 91)

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. (2014 Management Report pp. 92)

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 liquid investments and maintaining a significant amount of cash and cash equivalents and pre-terminable investments in its portfolio. (2014 Management Report, pp. 93)

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 risk 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 that risk. (2014 Management Report pp. 94)

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. (2014 Management Report, pp. 94)

b. Foreign Currency risk: 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 and liabilities. The Group has no foreign currency denominated monetary liabilities as of 31 December 2014. (2014 Management Report, pp. 95-96)

c. Equity Price risk: The 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 fund 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 effects to respective share prices. (2014 Management Report, pp. 97)

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholder's voting power.

Change of articles to remove pre-emptive rights and super majority requirements have not been proposed or planned by management and controlling shareholders.

3) Control System Set Up

(a) Company

Briefly describe the control system set up to assess, manage and control the main issue/s faced by the company:

RISK EXPOSURE	RISK ASSESSMENT (MONITORING AND MEASUREMENT PROCESS)	RISK MANAGEMENT CONTROL (STRUCTURES, PROCEDURES, ACTIONS TAKEN)
See discussion on immediately preceding item on Risk Management	***Review Risk of Investments (mainly portfolio investments)***	***See discussion on immediately preceding item on Risk Management***

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

RISK EXPOSURE	RISK ASSESSMENT (MONITORING AND MEASUREMENT PROCESS)	RISK MANAGEMENT CONTROL (STRUCTURES, PROCEDURES, ACTIONS TAKEN)
See discussion on immediately preceding item on Risk Management	***Review Risk of Investments (mainly portfolio investments)***	***See discussion on immediately preceding item on Risk Management***

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions.

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.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company.

(a) Explain how the internal control system is defined for the company;
(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
(c) Period covered by the review;
(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and
(e) Where no review was conducted during the year, an explanation why not.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function. ***<u>INTERNAL AUDIT FUNCTION MAY BE OUTSOURCED</u>.***

(b) Do the appointment and/or removal of the Internal Auditor or the accounting/auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee? ***YES***

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel? ***YES***

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them. ***NONE***

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	
Issues[6]	***The company is a holding company and its activities center mainly on investments in securities and equities. Internal controls on these activities are under the direct management and supervision of the President.***
Findings[7]	
Examination Trends	

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involved the following step-by-step activities:

1) Preparation of an audit plan inclusive of a timeline and milestones;
2) Conduct of examination based on the plan;
3) Evaluation of the progress in the implementation of the plan;
4) Documentation of issues and findings as a result of the examination;
5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

[6] "Issues" are compliance matters that arise from adopting different interpretations.
[7] "Findings" are those with concrete basis under the company's policies and rules.

POLICIES & PROCEDURES	IMPLEMENTATION
The company is a holding company and its activities center mainly on investments in securities and equities. Internal controls on these activities are under the direct management and supervision of the President.	

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and ratings agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

AUDITORS (INTERNAL AND EXTERNAL)	FINANCIAL ANALYSTS	INVESTMENT BANKS	RATING AGENCIES
N/A	***N/A***	***N/A***	***N/A***

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

ROBERT Y. COKENG – President and CEO

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

The nature of the business of the company (which is a holding company) is such that it is not able to provide the data required below.

	POLICY	ACTIVITIES
Customer's welfare	***N/A***	-
Supplier/contractor selection practice	***N/A***	-
Environmentally friendly value-chain	***N/A***	-
Community interaction	***N/A***	-
Anti-corruption Programmes and Procedures	***The company supports the government's anti-corruption drive.***	-
Safeguarding creditors' rights	***N/A***	-

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section? ***NONE***

3) Performance-enhancing mechanisms for employee participation.

   (a) What are the company's policy for its employees' safety, health, and welfare?

   The company complies with all the benefits that are required by law to be given to its employees. The nature of the company's business which is that of a holding company does not require a substantial number of employees.

   (b) Show date relating to health, safety and welfare of its employees.

   This is not applicable to the company.

   (c) State the company's training and development programmes for its employees. Show the data.

   So far, there are no training and development programmes for employees because the nature of the business of the company is such that only a lean staff is required.

   (d) State the company's training and development programmes for its employees of the company beyond short-term financial measures.

   Should there be relevant training programmes, the company is open to provide the same.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.

   The law requires dues process to be observed in dealing with complaints from employees. The corporation adheres to the policies of due process which requires fair notice and hearing. Should there be complaints from any employee, these principles are always observed.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

SHAREHOLDER	NUMBER OF SHARES	PERCENT	BENEFICIAL OWNER
Essential Holdings Limited	***139,778,670***	***29.1%***	***Robert Y. Cokeng***
Magellan Capital Holdings Corporation	***47,548,022***	***9.87%***	***F&J Prince Holdings Corporation and Magellan Capital Management***
Pinamucan Industrial Estates, Inc.	***49,709,805***	***10.32%***	***Magellan Capital Holdings Corporation***
Consolidated Tobacco Industries of the Phils., Inc.	***43,052,023***	***8.93%***	***Cokeng and Co Family***
Vructi Holdings Corporation	***34,250,628***	***7.11%***	***Tiangco Family***

NAME OF SENIOR MANAGEMENT	NUMBER OF DIRECT SHARES	NUMBER OF INDIRECT SHARES / THROUGH (name of record owner)	BENEFICIAL OWNER
Robert Y. Cokeng	***13,693,072***	***2,020,000 (thru HDI Securities)***	***Robert Y. Cokeng***
Francisco Y. Cokeng, Jr.	***2,160,000***	***-***	***Francisco Y. Cokeng, Jr.***
Johnson U. Co	***1,100,000***	***-***	***Johnson U. Co***
Mark Ryan K. Cokeng	***-***	***10,000***	***Mark Ryan K. Cokeng***
Emeterio L. Barcelon, SJ	***304,952***	***-***	***Emeterio L. Barcelon, SJ***
TOTAL			

2) Does the Annual Report disclose the following:

Key risks	***YES***
Corporate objectives	***YES***
Financial performance indicators	***YES***
Non-financial performance indicators	***YES***
Dividend policy	***YES***
Details of whistle-blowing policy	***NO***
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioner	***YES***
Training and/or continuing education programme attended by each director/commissioner	***YES***
Number of board of directors/commissioners meetings held during the year	***NO***
Attendance details of each director/commissioner in respect of meetings held	***NO***
Details of remuneration of the CEO and each member of the board of directors/commissioners	***YES***

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

The number of board meetings and attendance of directors are disclosed separately in a report to the SEC.

3) External Auditor's fee

NAME OF AUDITOR	AUDIT FEE	NON-AUDIT FEE
SGV & Co.	***₱248,136.00 (exclusive of VAT)***	

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

The company uses its website, the PSE's Disclosure mechanisms, and publication in the newspaper when necessary as well as notices and letters to individual stockholders.

5) Date of release of audited financial report. ***April 10, 2015***

6) Company Website

Does the company have a website disclosing up-to-date information about the following:

Business operations	***YES***
Financial statements/reports (current and prior years)	***YES***
Materials provided in briefings to analysts and media	***YES***
Shareholding structure	***YES***
Group corporate structure	***YES***
Downloadable annual report	***Under process***
Notice of AGM and/or EGM	***YES***
Company's constitution (company's by-laws, memorandum and articles of association)	***NO, as this is not part of web design.***

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of RPT

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particularly of its minority shareholders and other stakeholders?

Related party transactions are always above-board and made on arm's-length basis. The relationships among the major shareholders and members of the Board are and have always been disclosed in the Annual Management reports and Information statements distributed to all stockholders.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Per Article II (1), the Corporation's By-Laws, the Annual meeting of the company is to be held on the 12th day of April of each year "unless the Board fixes a different date which in no case shall be later than the last working day of June."

Per Article II (2), a Special meeting of the stockholders may be called "by resolution of the Board of Directors or by order of the President, or upon the written request of stockholders registered as the owners of one-third of the total outstanding stock."

Per Article II (4), a quorum at any meeting of the stockholders shall consist of a majority of the voting stock of the company represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting, save and except in those several matters in which the laws of the Philippines require the affirmative vote of a greater proportion."

Quorum Required	***To convene a special stockholders' meeting, upon the written request of stockholders registered as owners of 1/3 of the total outstanding stock.***

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	***All corporate acts of the Board of Directors are presented for ratification by the stockholders during the Annual Stockholders' meeting.***
Description	

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

STOCKHOLDERS' RIGHTS UNDER THE CORPORATE CODE	STOCKHOLDERS' RIGHTS NOT IN THE CORPORATION CODE
	None, the company's stockholders enjoy all the rights that are laid down in the Corporation Code. No additional rights which are not in the Corporation Code are given to the company's stockholders except that Article Seventh of the company's Articles of Incorporation states that "no shareholder shall have any preemptive or preferential right to subscribe for any increase thereof that may be lawfully authorized."

Dividends

DECLARATION DATE	RECORD DATE	PAYMENT DATE
7 May 2015	***3 June 2015***	***On or before 30 June 2015;***
	3 August 2015	***On or before 30 August 2015***

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

It has been the practice of the company that during the annual shareholders' meeting, all shareholders' represented in person or by proxy are given an opportunity to speak. Thus, after the President has presented his report, the shareholders are given the time to propound questions or queries on the floor. A microphone is installed for this purpose and the shareholder is free to make use of this portion of the meeting. The President and the members of the Board have always been on hand to answer questions.

2. MEASURES ADOPTED	3. COMMUNICATION PROCEDURE
4. ***Question and Answer portion during stockholders meeting***	5. ***A shareholder is given the chance to ask questions after the President has presented his report***

8. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

   a. Amendments to the company's constitution
   b. Authorization of additional shares
   c. Transfer of all or substantially all assets, which in effect results in the sale of the company

   The company observes the provisions of the Corporation Code which requires the approval of 2/3 vote of the Corporation's outstanding capital stock for amendments to the Corporation's Articles of Incorporation and By-laws, the increase or decrease of authorized capital stock, and the transfer of all or substantially all assets of the company resulting in the sale of the company.

9. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

   Per Article II(3) of the company's By-laws, "notices for every regular or special meeting of the stockholders shall be prepared and mailed to the registered post office address of each stockholder not less than ten (10) days prior to the date set for such meeting. In practice, the company observes a minimum of 15 business days for giving out of notices to the AGM, whether or not there are items to be resolved by the shareholders.

	2015
a. Date of sending out notices	***On or before July 7, 2015***
b. Date of Annual/Special Stockholders' Meeting	***28 July 2015***

10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

    For the past three years, there were no questions or answers raised by the shareholders during the annual meeting except that on two occasions, a stockholder stated on the floor his congratulatory message to the company's Board of Directors and Management for the performance of the company during that particular year.

11. Result of Annual/Special Stockholders' Meeting's Resolution.

    During the most recent Annual stockholders meeting, there was no item or matter needing the approval of the stockholders other than the nomination and election of the members of the Board and the ratification of all corporate actions including the amendment of the Company's Articles of Incorporation to reflect the exact principal address of the corporation as required by SEC Circular No. 6, Series of 2014.

24. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

During the most recent Annual stockholders meeting, there was no item or matter needing the approval of the stockholders other than the nomination and election of the members of the Board and the ratification of all corporate actions including the amendment of the Company's Articles of Incorporation to reflect the exact principal address of the corporation as required by SEC Circular No. 6, Series of 2014. The results of the elections were, as is usual, conveyed to the PSE and the SEC through Current Report 17-C.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

There were no modifications made in the most recent Annual meeting of the Corporation.

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

TYPE OF MEETING	NAME OF BOARD MEMBERS/ OFFICERS PRESENT	DATE OF MEETING	VOTING PROCEDURE (BY POLL, SHOW OF HANDS, ETC.)	% OF SH ATTENDING IN PERSON	% OF SH IN PROXY	TOTAL % OF SH ATTENDANCE
Annual	***ROBERT Y. COKENG*** ***FRANCISCO Y. COKENG*** ***EMETERIO L. BARCELON, SJ*** ***JOHNSON U. CO*** ***RUFINO B. TIANGCO*** ***JOHNSON TAN GUI YEE*** ***MARY K. COKENG*** ***MARK RYAN K. COKENG*** ***JOHNNY O. COBANKIAT*** ***FRANCIS L. CHUA*** ***ROBERT Y. YNSON*** ***FINA C. TANTUICO –Corporate Secretary***	***28 July 2015***		✓		***80.20%***
Special	**None held**					

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

No, the company does not appoint an independent party to count the votes. The stockholder attendance during the company's annual meetings have so far been manageable and there has been no matter presented necessitating the appointment of an independent party to count votes.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes, the company's common shares carry one vote for one share. Common shares are divided into two classes. Class A shares which are issued solely to Filipino citizens and Class "B" which are issued to either Filipino or foreign citizens. All common shares are voting shares.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	COMPANY'S PROFILE
Execution and acceptance of proxies	***The proxy form is included in the Information Statement which is required to be completed, signed and dated and returned to the Corporation at least 5 days prior to the date of the meeting.***
Notary	***Need not be notarized.***
Submission of Proxy	***At least 5 days prior to the date of the meeting.***
Several Proxies	***Only one proxy. Revocation may be done at any time prior to its use by the party authorized to exercise the same.***
Validity of Proxy	***No proxy bearing a signature that is not legally acknowledged shall be recognized at any meeting unless such signature is known and recognized by the secretary of the meeting.***
Proxies executed abroad	***No policy as this has not yet been done.***
Invalidated Proxy	***Shareholder may revoke proxy issued by him at any time prior to its use by the party who is thereby authorized to exercise the same.***
Validation of Proxy	***By Corporate secretary***
Violation of Proxy	***If proxy is signed 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.***

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

POLICIES	PROCEDURE
Notices must be sent at least 15 business days prior to the Annual meeting	***During the month before the meeting, the materials to be printed out must be printer-ready to afford the printer to make copies for all stockholders of record.***

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	***481***
Date of Actual Distribution of Definitive Information Statement and Management Report And Other Materials held by market Participants/certain beneficial owners	***On or before July 7, 2015***
Date of Actual Distribution of Definitive Information Statement and Management Report And Other Materials held by stockholders	***On or before July 7, 2015***
State whether CD format or hard copies were Distributed	***Hard Copies***
If yes, indicate whether requesting stockholders were provided hard copies	

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one time.	***YES***
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	***YES***
The auditors to be appointed or re-appointed.	***YES***
An explanation of the dividend policy, if any dividend is to be declared.	***YES***
The amount payable for final dividends.	***YES***
Documents required for proxy vote.	***YES***

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Per Sec 5.2. of the Corporation's Revised Manual on Corporate Governance, "although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation." Also, Section 5.3..2..3 provides that "a director shall not be removed without cause if it will deny minority shareholders representation in the Board.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

(They can nominate but most received necessary votes to be elected). This is not specifically provided for in the corporations' Manual on Corporate Governance.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The President of the company reviews and approves all major company announcements.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

It has always been the company's policy to ensure that investors are aware of any developments in the company that will affect the value of their shares. Thus, the corporation's Management judiciously observes the pertinent rules of the Philippine Stock Exchange and the SEC in disclosing to the public. Shareholders are free to call the Corporation's Corporate Secretary at Tel. Nos. 8927133/8927137.

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

The company has always observed and is committed to observe the pertinent laws, such as the Corporation Code and the Securities Regulation Code, SEC rules and regulations for transactions such as mergers and sales of substantial portions of corporate assets.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price. ***<u>This is not applicable at this time.</u>***

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Donations had been given to charitable institution shave from time to time been given through the company's subsidiary Magellan Capital Holdings Corporation (MCHC).

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

The company's Revised Manual on Corporate Governance provides for an internal self-rating system that can measure the performance of the Board and Management in accordance with the Manual. At present, there is no set system in place.

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees.

As laid down in Section 10, of the company's Revised Manual on Corporate Governance , the following are the penalties for violation or breach of the corporate governance manual by the company's directors, officers, staff, subsidiaries and affiliates and their respective directors, imposable after due notice and hearing:

VIOLATIONS	SANCTIONS
First violation	***Reprimand***
Second Violation	***Suspension from office the duration thereof dependent on the gravity of the violation***
Third Violation	***Maximum penalty of removal from office; A third violation committed by any member of the board of the company or its subsidiaries and affiliates shall be sufficient cause for removal from directorship.***

Per Section 10 of the company's Revised Manual on Corporate Governance, the Compliance Officer shall be responsible for determining violations/through notice and hearing and shall recommend to the Board the imposable penalty for such violation, for further review and approval of the Board.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of CITY OF MANILA on MAY 3 0 2013, 20____.

SIGNATURES

ROBERT Y. COKENG
Chairman of the Board

ROBERT Y. COKENG
Chief Executive Officer

FRANCIS L. CHUA
Independent Director

ROBERT Y. YNSON
Independent Director

FINA C. TANTUICO
Compliance Officer

SUBSCRIBED AND SWORN to before me this _____ day of MAY 3 0 2013 2013, affiant(s) exhibiting to me their Community Tax Certificate Nos. as follows:

NAME	COMMUNITY TAX CERTIFICATE NO.	DATE/PLACE OF ISSUE
Francis L. Chua	15850751	January 20, 2013/Manila
Robert Y. Ynson	13858746	January 14, 2013/Q.C.
Fina C. Tantuico	16224930	April 11, 2013 / San Juan City

NOTARY PUBLIC
ATTY. SOCRATES G. MARANAN
NOTARY PUBLIC
UNTIL DECEMBER 31, 2013
IBP No. 840842/10-21-11
PTR No. 1414392/01-02-13
NC. No. 2012-009/ROA No. 3192

Doc. No. 462;
Page No. 93;
Book No. 33;
Series of 2013.

My Docs>F&J>2013 Files>Corporate Governance>
SEC Form-ACGR Annual Corporate Governance Report 2012

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SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632)726-0931 to 39 Fax:(632)725-5293 Email: mis@sec.gov.ph

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Company Information

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Company Name	F&J PRINCE HOLDINGS CORP.
Industry Classification	
Company Type	Stock Corporation

Document Information

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Period Covered	January 08, 2016
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Department	CED/CFD/CRMD/MRD/NTD
Remarks	

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 C. Tantuico

Contact Person

8927133 · 8927137

Company Telephone Numbers

1 2	3 1		0 4	1 2
Month	Day		Month	Day
Fiscal Year			Annual Meeting	

Advisement Letter
(Directors' Attendance to Board Meetings in 2015)

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

08 January 2016

THE SECURITIES & EXCHANGE COMMISSION
SEC Building, Edsa, Mandaluyong City

Attention : ATTY. JUSTINA F. CALLANGAN
Director, Corporation Finance Department

THE PHILIPPINE STOCK EXCHANGE, INC.
PSE Center, Exchange Road, Ortigas Center, Pasig City

Attention : MS. JANET A. ENCARNACION
Head, Disclosure Department

Subject : Board of Directors' Attendance in Board Meetings for the year 2015

Gentlemen:

In compliance with SEC Memorandum Circular No. 1 Series of 2014, we respectfully submit below our report on the attendance of Directors to the Company's Board meetings for the year 2015. The same is also included in the Consolidated Changes in the ACGR 2015 posted in our company's website.

BOARD	NAME	REGULAR BOARD MEETING APRIL 10, 2015	REGULAR BOARD MEETING APRIL 30, 2015	SPECIAL BOARD MEETING MAY 07, 2015	ORGANIZATIONAL BOARD MEETING JULY 28, 2015	REGULAR BOARD MEETING OCTOBER 14, 2015
Chairman	Robert Y. Cokeng	Present	Present	Present	Present	Present
Member	Francisco Y. Cokeng, Jr.	Present	Present	Present	Present	Present
Member	Emeterio L. Barcelon, SJ	Present	Present	Present	Present	Present
Member	Johnson U. Co	Present	Present	Present	Present	Present
Member	Mark Ryan K. Cokeng	Present	Present	Present	Present	Present
Member	Johnson Tan Gui Yee	Present	Present	Present	Present	Present
Member	Rufino B. Tiangco	Present	Present	Present	Present	Present
Member	Mary K. Cokeng	Present	Present	Present	Present	Present
Member	Johnny O. Cobankiat	Present	Present	Present	Absent	Present
Independent	Robert Y. Ynson	Present	Present	Present	Absent	Present
Independent	Francis L. Chua	Present	Present	Present	Present	Present

We trust you will find the foregoing in order.

Very truly yours,

(ATTY.) FINA C. TANTUICO
Corporate Secretary

5/F Citibank Center, 8741 Paseo de Roxas, Makati City 1226
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Email Address: fjphco@gmail.com

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