

# COVER SHEET

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SEC Registration Number

							F	&	J		P	R	I	N	C	E							
			H	O	L	D	I	N	G	S		C	O	R	P	O	R	A	T	I	O	N	

(Company's Full Name)

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

**Atty. Fina Bernadette D.C. Tantuico**

Contact Person

**8927133 • 8927137**

Company Telephone Numbers

1	2
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Month

3	1
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Day

Fiscal Year

0	4
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Month

1	2
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Day

Annual Meeting

## SEC FORM 17-Q (As of June 30, 2017)

### QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.1(1) (A) (ii) THEREUNDER

Form Type

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total Number of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

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File Number

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# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-Q

### QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **30 September 2017**
2. SEC Identification Number **43370** 3. BIR Tax Identification No. **000-829-097**
4. *F & J Prince Holdings Corporation*  
Exact name of registrant as specified in its charter
5. **Philippines**  
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code:  (SEC Use Only)
7. **5th Floor, Citibank Center Building**  
**8741 Paseo de Roxas, Makati City** **1226**  
Address of principal office Postal Code
8. **(632) 892-7133**  
Registrant's telephone number, including area code
9.   
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA

TITLE OF CLASS	NUMBER OF SHARES OF COMMON STOCK OUTSTANDING AND AMOUNT OF DEBT OUTSTANDING
<b>Class "A" Common</b>	<b>292,610,118 Shares</b>
<b>Class "B" Common</b>	<b>189,217,535 Shares</b>

**11. Are any or all of the securities listed on the Philippine Stock Exchange?**

Yes [ ☒ ] No [ ☐ ]

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

**Philippine Stock Exchange**

**Common Shares, Class "A" and "B"**

**12. Indicate by check mark whether the registrant:**

- (a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and RSA Rule 17(2)-(b) thereunder and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes [ ☒ ] No [ ☐ ]

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

Yes [ ☒ ] No [ ☐ ]

## **PART I**

### **FINANCIAL INFORMATION**

#### **ITEM I. FINANCIAL STATEMENTS**

The following financial statements, presented in a comparative format, are submitted:

- (1) Unaudited Interim Balance Sheet as of 30 September 2017 and Audited Balance Sheet as of 31 December 2016 as Annex “A”;
- (2) Unaudited Interim Statement of Income and Retained Earnings for the nine (9) month period ending 30 September 2017 and the 9 month period ending 30 September 2016 as Annex “B”;
- (3) Unaudited Statement of Income and Retained Earnings for the three month period ending 30 September 2017 and three months period ending 30 September 2016 shown as Annex “C”;
- (4) Unaudited Interim Statement of Changes in Stockholders’ Equity for the 9 month period ending 30 September 2017 and 30 September 2016 and Audited Statement of Changes in Stockholders’ Equity for the year ending 31 December 2016 as Annex “D”;
- (5) Unaudited Interim Consolidated Cash Flow Statement for the 9 month period ending 30 September 2017 and the 9 month period ending 30 September 2016 as Annex “E”;
- (6) Interim Cash Flow for the quarterly periods ending 30 September 2017 and 30 September 2016, as Annex “F”; and
- (7) Consolidated Balance Sheet as of 30 September 2017 and 31 December 2016 with vertical and horizontal percentage analysis as Annex “G”.

## **ITEM 2. MANAGEMENTS DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

### **(1) Management's Discussion and Analysis**

The Registrant's consolidated revenue in 2016 decreased by 3.4% to P177.3 million from P183.5 million in 2015. Equity in net earnings of associates decreased by 30% from P105.4 million in 2015 to P72.9 million in 2016 as Pointwest experienced lower earnings as operating margins dropped at some major accounts. Interest income slightly increased from P39.2 million in 2015 to P40 million in 2016 as interest levels have stabilized. A net foreign exchange gain of P36.6 million was recorded in 2016 as the Peso continues to decline against foreign currencies which benefitted the foreign exchange denominated bonds and other securities hold by the Registrant and its subsidiary. Rent increased from P12.8 million in 2015 to P14.0 million in 2016 due to escalation of rental rates and the leasing out of additional condominium office units acquired in 2016. Gain on disposal of AFS, HTM and FVPL Financial Assets of P5.4 million was recorded in 2016 against P1.5 million in 2015. Dividend income increased from P1.5 million in 2015 to P1.9 million in 2016.

Total consolidated expenses of the Registrant decreased to P33.3 million in 2016 compared to P35.3 million in 2015.

As a result of the above, total consolidated income before tax in 2016 totaled P144.1 million compared to P148.2 million in 2015. After provision for income tax, total consolidated net income after tax totaled P136.5 million in 2016 compared to P139.6 million in 2015 or a decrease of 2%.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totalled P2.6 million in 2016 compared to P1.2 million in 2015.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2016, the Registrant's consolidated cash and cash equivalent totaled over P954.6 million which was lower than the level of P965.6 million as of December 31, 2015 due to additional investment in properties. The Registrant and its subsidiary is planning to undertake development of MCHC's land in Fort Bonifacio into an income producing building as well as to acquire income producing properties as well as additional land for development. The Registrant and its subsidiary are debt free with total consolidated liabilities of P35.1 million compared to P32.8 million in 2015 total equity amounted to P1.9 billion as of the end of 2016 compared to P1.8 billion in 2015.

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

### **Operating Results and Financial Condition for the Third Quarter of 2017**

- (i) There are no known trends, demands, events or uncertainties that would have a material effect on the Issuer's liquidity.
- (ii) There are no known or anticipated events that would trigger direct or contingent financial obligation that is material to the Company including any default or acceleration of any obligation.
- (iii) There are no material off-balance sheet transaction, arrangements, obligations (including contingent obligations) and other relationship of the Company with unconsolidated entities or other persons created during third quarter of 2017 or in prior periods.
- (iv) There are no material commitments for capital expenditures, by the Company or its majority owned subsidiary and equity in net earnings of association.
- (v) The Company did not realize any non-operating income in the third quarter of 2017 or in the third quarter of 2016 aside from unrealized gains on trading securities and realized forex gain.
- (vi) The Company did not realize any non-operating income in the third quarter of 2017 or in the third quarter of 2016 aside from unrealized gain on trading securities, gain on disposal of AFS/HTM investments and net unrealized foreign exchange gains.

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

## Operating Results

Breakdown of Revenue for the Three Month Periods Ending September 30, 2017 and September 30, 2016 with Vertical and Horizontal Percentage Analysis is shown below:

(P000)	THIRD QUARTER  September 30, 2017	VERTICAL PERCENTAGE ANALYSIS  September 30, 2017	THIRD QUARTER  September 30, 2016	VERTICAL PERCENTAGE ANALYSIS  September 30, 2016	INCREASE (DECREASE) AMOUNT  September 30, 2017	INCREASE (DECREASE) PERCENTAGE  September 30, 2017
INTEREST INCOME						
From Banks	P 2,867	6.6%	P 3,487	6.2%	P (620)	(17.8%)
From Securities	5,313	12.2%	6,448	11.5%	(1,135)	(17.6%)
<b>TOTAL</b>	<b>8,180</b>	<b>18.8%</b>	<b>9,935</b>	<b>17.7%</b>	<b>(1,755)</b>	<b>(17.7%)</b>
RENT INCOME	7,673	17.7%	3,587	6.4%	4,086	114%
DIVIDEND INCOME	1,397	3.2%	1,094	1.9%	303	27.7%
UNREALIZED GAIN ON TRADING SECURITIES	4,987	11.5%	4,782	8.5%	205	4.3%
EQUITY IN NET EARNINGS OF ASSOCIATE	21,159	48.7%	35,709	63.6%	(14,550)	(40.7%)
REALIZED FX GAIN	2	-	320	0.6%	(318)	(99%)
GAINS OF DISPOSAL OF AFS/RTM INVESTMENT	38	0.1%	400	0.7%	(362)	(90.5%)
OTHER INCOME	20	0.1%	328	0.6%	(308)	(93.9%)
<b>TOTAL</b>	<b>P 43,456</b>	<b>100%</b>	<b>P 56,155</b>	<b>100%</b>	<b>P 12,699</b>	<b>(22.6%)</b>

**Revenues.** Consolidated Revenues of the Registrant during the three month period ending September 2017 totaled P43.5 million compared to P56.2 million during the same period in 2016. The decrease in revenue in third quarter of 2017 was due mainly to a decrease in equity in net earnings of associates from P35.7 million in the third quarter of 2016 to P21.2 million in the third quarter of 2017 as the outsourcing affiliates of the Registrant reported lower earnings. Interest income decreased to P8.2 million in the third quarter of 2017 from P9.9 million in the third quarter of 2016 due to lower interest rates. Rental income increased from P3.6 million in the third quarter of 2016 to P7.7 million in the third quarter of 2017 due to additional areas rented out. Unrealized gain on trading securities increased to P5.0 million in the third quarter of 2017 from P 4.8 million in the third quarter of 2016 as listed securities held by the Registrant and its affiliates improved in value. Dividend income increased to P1.4 million in the third quarter of 2017 from P1.1 million in the third quarter of 2016.

**Expenses.** Consolidated general and administrative expenses of the Registrant totalled P7.5 million in the third quarter of 2017 compared to P7.4 million in the same period in 2016. The marginal increase in expenses was due to increase in miscellaneous expenses. Movement of other items in the consolidated general and administrative expenses were relatively minor.

**Net Income.** Due to the movements in the revenues and expenses discussed above, consolidated net income in the third quarter of 2017 totaled P36.0 million compared to P48.7 million in the third quarter of 2016. After deducting the share of minority shareholders in the Registrant's majority-owned subsidiary Magellan Capital Holdings Corporation, the consolidated net income attributable to the shareholders of the Registrant was P34.2 million in the third quarter of 2017 compared to P47.6 million in the third quarter of 2016.

## **BALANCE SHEET ACCOUNTS**

Annex "A" shows the Consolidated Balance Sheet of the company while Annex "G" shows the Vertical and Horizontal Percentage Analysis of Balance Sheet Accounts for September 30, 2017 compared to December 31, 2016. The various balance sheet accounts are discussed below:

### **ASSETS**

**Current Assets.** Consolidated current assets as of September 30, 2017 totaled P1,112.4 million compared to P1,149.5 million as of December 31, 2016. The decrease was mainly due to the drop in cash and cash equivalents which dropped from P954.6 million as of December 31, 2016 to P754.5 million as of September 30, 2017. There was also a decrease in dividends receivables as dividends declared by the Registrant's outsourcing affiliates at the end of 2016 were collected in 2017. Financial assets at fair value increased from P83.0 million at year-end 2016 to P298.0 million at the end of September 2017 due to improved prices of listed stocks owned by the Registrant and its subsidiaries and the listing of ASLAN Pharmaceuticals in the Taiwan Stock Market.

**Receivables from Related Parties.** This account stayed at nil as of September 30, 2017, the same level as at year-end 2016.

**Investments in Associates.** This account which consists of the Registrant's investment in Pointwest Technologies Corporation and BPO International, Inc. increased from P295.2 million at year-end 2016 to P316.3 at the end of September 2017 million due to the share of the Registrant in equity in net earnings of Pointwest and BPO.

**Available for Sale Investments.** This account which consists mostly of bond investments increased slightly to P340.4 million at September 30, 2017 from P335.1 million at year-end 2016.



**Property and Equipment.** This account totalled ₱11.4 million as of September 30, 2017 compared to ₱10.5 million as of December 31, 2016 due to purchase of transport vehicle.

**Investment in Property.** This account increased ₱232.7 million at the end of September 2017, compared to ₱158.5 at the end of December 31, 2016 due to additional property investments by Magellan Capital Holdings Corporation.

**Other Non-Current Assets.** This account totalled ₱68.9 million as of September 30, 2017 up from ₱24.9 million at year-end 2016 due to deposits on a property investment and investment in a tech company.

**Total Assets.** As a result of the foregoing, total assets increased slightly to ₱1,890.5 million as of September 30, 2017 from ₱1,973.8 million as of December 31, 2016.

## **LIABILITIES AND EQUITY**

**Current Liabilities.** Current liabilities decreased to ₱19.0 million as of September 30, 2017 from ₱21.1 million as of December 31, 2016. The decrease was due mainly to a decrease in income tax payable as taxes due on the income in 2016 were paid out in April 2017. Accounts payable increased due to the withholding tax payable on the Registrant's dividends paid out to shareholders. Dividends payable also dropped to ₱3.3 million at the end of September 30, 2017 from ₱6.0 million at the end of 2016.

**Non-Current Liabilities.** Non-current liabilities remained stable at ₱14.0 million at September 30, 2017, the same level as at year-end 2016. This consisted of retirement benefit obligation and deferred income tax liabilities.

**Stockholder's Equity.** Total stockholders' equity increased to ₱2,049 million at the end of September 2017 from ₱1,938.6 million at the end of 2016 due mainly to the net income of ₱162.6 million generated in the first 9 months of 2017 offset by dividends paid out in 2017. Minority interest which represents the share of minority shareholders of MCHC in the equity of MCHC totalled ₱78.9 million at the end of September 2017 compared to ₱73.2 million at the end of 2016 due to their share in net income realized by MCHC in the first 9 months of 2017. Total equity attributable to stockholders of the Registrant was ₱1,970.7 million as of September 30, 2017 compared to ₱1,865.4 million at the end of December 2016 due to the income generated in the first 9 months of 2017 offset by the dividends paid out in 2017.

## Top Performance Indicators

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

- 1) Change in revenue
- 2) Change in net income
- 3) Earnings per share
- 4) Current ratio
- 5) Book value per share

**Change in Revenues.** Consolidated revenues in the third quarter of 2017 and 2016 are presented below in summary form:

(P000)	3 <sup>rd</sup> Quarter 2017	Percentage (%)	3 <sup>rd</sup> Quarter 2016	Percentage (%)
Interest Income	P 8,180	18.8%	P 9,935	17.7%
Unrealized Gain on Trading Securities	4,987	11.5%	4,781	8.5%
Rental Income	7,673	17.7%	3,587	6.4%
Equity in Net Earnings of Associate	21,159	48.7%	35,709	63.6%
Dividend Income	1,397	3.2%	1,094	1.9%
Gain on Disposal/Redemptive of AFS/HTM Investments	38	0.1%	400	0.7%
Realized Forex Gain	2	-	320	0.6%
Other Income	20	0.1%	328	0.6%
<b>TOTAL INCOME</b>	<b>P 43,457</b>	<b>100%</b>	<b>P 56,155</b>	<b>100%</b>

Total revenue decreased to P43.5 million in the third quarter of 2017 from P56.2 million in the third quarter of 2016. The lower revenue in 2017 was due mainly to the decrease in the equity in net earnings of associates as the outsourcing affiliates of the Registrant reported lower income. Interest income decreased due to lower interest rates. Rental income increased sharply due to additional properties rented out.

**Change in Net Income.** The income statement in the third quarter of 2017 and 2016 are shown in Annex “C” and summarized below:

(P000)	3 <sup>rd</sup> Quarter 2017	Percentage (%)	3 <sup>rd</sup> Quarter 2016	Percentage (%)
Revenues	P 43,456	100%	P 56,155	100%
Expenses	7,453	17.2%	7,421	13.2%
Net Income	36,003	82.8%	48,734	86.8%
Attributable to:				
- Minority Interest	1,800	4.1%	978	1.7%
- Stockholders of Company	34,203	78.7%	47,556	84.7%

The Registrant realized a consolidated net income of P\$36.0 million in the third quarter of 2017 versus P\$47.6 million in the third quarter of 2016. After deducting the share of minority shareholders of MCHC, the company realized a net income of P\$34.2 million attributable to stockholders of the company in the third quarter of 2017 compared to a net income of P\$47.6 million attributable to stockholders of the company in the third quarter of 2016. Equity in net earnings of associates account for most of the decrease.

**Earnings per Share.** The net income per share attributable to shareholders of the Company during the third quarter of 2017 was P\$0.089 per share compared to earnings per share of P\$0.1243 in the third quarter of 2016.

**Current Ratio.** Current ratio as of September 30, 2017 was 58.5 X compared to 54.5 X as of December 31, 2016. The increase was due mainly to the decrease in current liabilities due to payment of taxes payable.

**Book Value Per Share.** Book value per share as of September 30, 2017 was P\$5.13 per share compared to P\$4.85 per share at year end 2016 after deducting the shares held by subsidiaries of the Registrant which in the consolidated financial accounts are classified as treasury shares. The net income realized in the first 9 months of 2017 was partly offset by dividends paid out in 2017.

## **PART II OTHER INFORMATION**

As of 30 September 2017, the following resolutions of the Board of Directors were reported under SEC Form 17-C:

### **(1) ELECTION OF DIRECTORS AND OFFICERS**

During the Annual Meeting of the Stockholders of the Corporation held on July 31, 2017, the following persons were elected as the new members of the Board of Directors of the Corporation, to wit:

(in alphabetical order)  
JOSEPHINE V. BARCELON  
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 Josephine V. Barcelon and Johnny O. Cobankiat.

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 BERNADETTE D.C. TANTUICO	- Corporate Secretary

The members of the different committees were elected as follows:

**Audit Committee:**

Johnny O. Cobankiat - 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  
Johnny O. Cobankiat - Independent Director

**Compensation Committee:**

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

**(2) OTHER EVENTS**

**(a) Annual Stockholders' Meeting**

The Annual Stockholders' Meeting of the Corporation was held as scheduled on July 31, 2017 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 28 July 2016;
- (ii) ratification of the corporate actions approved and adopted by the Board of Directors during the year 2016;
- (iii) the Audited Financial Statements as of 31 December 2016;

- (iv) re-appointment of Sycip Gorres Velayo & Co. as external auditor of the Corporation.

**(b) Organizational Meeting of the Board of Directors**

Immediately after the stockholders meeting, the newly-elected directors held their organizational meeting.

- (3)** Immediately after the adjournment of the Stockholders' Meeting, the Organizational Meeting of the Board of Directors was held on the same day. The election of the officers of the corporation, as well as members of various board committees was duly disclosed to the SEC and PSE, thru PSE Edge System online after the meeting and with confirmation copies filed on August 1, 2017, under SEC Form 17-C. The notices and other requirements for said meeting were complied with under the relevant SRC Rule.

## SIGNATURES

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

*F & J Prince Holdings Corporation*

Issuer .....

**Principal Executive Officer**



**ROBERT Y. COKENG, President**

Signature and Title .....

Date **10 November 2017** .....

**Principal Financial/Accounting Officer/Controller**



**MARK RYAN K. COKENG, Treasurer**

Signature and Title .....

Date **10 November 2017** .....

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2017 AND DECEMBER 31, 2016**

ANNEX "A"  
Page 1

<b>ASSETS</b>	<b>UNAUDITED SEPT. 30, 2017</b>	<b>AUDITED DEC. 31, 2016</b>
<i><b>Current Assets</b></i>		
Cash and cash equivalents	P 754,466,720	P 954,570,050
Financial assets at fair value through profit or loss	298,031,290	83,025,754
Convertible note receivable	0	0
Receivables-net :		
Advances to Officers & Employees	0	0
Interest Receivable	9,307,493	7,626,291
Dividends Receivable	8,770,895	21,020,846
Receivable from related parties	358,795	424,149
Others	1,007,300	1,447,905
Total Receivables	19,444,483	30,519,191
Allowance for impairment losses	857,369	857,369
<b>Total Receivables-Net</b>	<b>18,587,114</b>	<b>29,661,822</b>
Current portion of HTM investments	0	0
Current portion of AFS financial assets	20,552,306	66,753,263
<b>Prepaid expenses &amp; other current assets:</b>		
Input Tax	18,135,157	14,709,226
Prepaid Income Tax	1,593,768	0
Others	984,374	819,933
<b>Total Prepaid expenses and other current assets</b>	<b>20,713,299</b>	<b>15,529,159</b>
<b>Total Current Assets</b>	<b>P 1,112,350,729</b>	<b>P 1,149,540,048</b>
<i><b>Non-current Assets</b></i>		
Receivables from related parties-net	0	0
Investments in associates	316,307,909	295,148,551
HTM investments-net of current portion	0	0
Available-for-sale (AFS) investments-net of current portion	340,367,198	335,121,729
Investment in property	232,651,186	158,547,912
<b>Property and Equipment</b>		
Building	20,755,943	20,755,943
Building Improvements	8,764,062	8,764,062
Transportation equipment	10,263,080	8,395,222
Furniture and fixtures	3,164,461	2,843,660
Total	42,947,546	40,758,887
Less: Accumulated depreciation	31,543,672	30,291,349
Net Book Value	11,403,874	10,467,538
<b>Total Property and Equipment</b>	<b>11,403,874</b>	<b>10,467,538</b>
<b>Other non-current assets</b>	<b>68,953,130</b>	<b>24,927,486</b>
<b>Total Non-Current Assets</b>	<b>969,683,297</b>	<b>824,213,216</b>
<b>TOTAL ASSETS</b>	<b>P 2,082,034,026</b>	<b>P 1,973,753,264</b>



<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>UNAUDITED SEPT. 30, 2017</b>	<b>AUDITED DEC. 31, 2016</b>
<b><i>Current Liabilities</i></b>		
Accounts Payable and accrued expenses		
Accounts payable-trade	0	0
Accounts payable-others	737,411	1,474,677
Withholding taxes payable	3,243,819	442,248
SSS Premium Payable	11,676	16,692
HDMF Premium Payable	1,896	2,096
Philhealth Premium Payable	6,500	6,750
Deposit Payable	5,377,162	1,507,524
Output Vat Payable	623,141	369,943
Accrued expenses	662,837	863,538
<b>Total Accounts payable and accrued expenses</b>	<b>P 10,664,442</b>	<b>P 4,683,468</b>
Dividends Payable	3,309,752	6,006,566
Income Tax Payable	44,066	5,402,348
Provision for legal obligation	5,000,000	5,000,000
<b>Total Current Liabilities</b>	<b>P 19,018,260</b>	<b>P 21,092,382</b>
<b><i>Non-Current Liabilities</i></b>		
Deferred income tax liabilities-net	2,736,531	2,736,531
Payable to related parties	0	0
Retirement benefit obligation	11,305,731	11,305,731
<b>Total Non-Current Liabilities</b>	<b>14,042,262</b>	<b>14,042,262</b>
<b><i>Stockholders' Equity</i></b>		
Capital stock	481,827,653	481,827,653
Additional paid in capital	144,759,977	144,759,977
Treasury shares	(99,669,477)	(99,669,477)
Other Reserves	14,656,412	18,686,502
Actuarial loss on retirement benefit obligation	(1,152,586)	(1,152,586)
Accumulated share in other comprehensive income of associates	24,861,485	24,861,485
Retained earnings	1,404,820,021	1,296,094,095
<b>Total Equity Attributable to Stockholders of the Company</b>	<b>1,970,103,485</b>	<b>1,865,407,649</b>
Minority Interest	78,870,019	73,210,971
<b>Total Stockholders' Equity</b>	<b>2,048,973,504</b>	<b>1,938,618,620</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>P 2,082,034,026</b>	<b>P 1,973,753,264</b>

See accompanying Notes to Consolidated Financial Statements

Prepared by:


ARSENIO T. LIAO

Accountant

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE NINE MONTHS PERIOD ENDING SEPT. 30, 2017 AND SEPT. 30, 2016**

	UNAUDITED SEPT. 30, 2017	UNAUDITED SEPT. 30, 2016
<b>REVENUES</b>		
Equity in net earnings of associate	P 21,159,358	P 35,708,978
Interest Income		
From Banks	8,943,440	10,170,453
From Securities	16,625,498	17,495,131
<b>Total Interest Income</b>	<b>25,568,938</b>	<b>27,665,584</b>
Unrealized gains on trading securities	110,946,506	7,624,973
Rental Income	18,796,994	10,375,042
Gains on disposal /redemption of AFS/HTM investments	5,096,469	1,194,953
Dividend Income	2,397,337	2,111,306
Realized forex gain	1,392,189	1,114,859
Realized gain on sale of FVPL	2,477,677	0
Other income	562,817	413,536
	<b>P 188,398,285</b>	<b>P 86,209,231</b>
<b>EXPENSES</b>		
Net foreign exchange loss	0	0
Amortization of unrealized losses on changes in fair value of AFS investments	0	0
Salaries, wages and employees' benefits	7,736,953	8,038,418
Depreciation	5,355,215	4,609,370
Professional fees	2,899,703	1,901,339
Condominium dues	2,328,143	1,642,087
Repairs and maintenance	75,043	219,908
Taxes and licenses	4,618,753	1,646,105
Entertainment, amusement and recreation	97,370	342,705
Unrealized loss on financial assets at FVPL	0	0
Others	2,719,364	2,007,523
	<b>25,830,544</b>	<b>20,407,455</b>
<b>NET INCOME</b>	<b>P 162,567,741</b>	<b>P 65,801,776</b>
<b>NET INCOME ATTRIBUTABLE TO:</b>		
<b>STOCKHOLDERS OF THE COMPANY</b>	<b>P 156,908,692</b>	<b>P 64,083,821</b>
<b>MINORITY INTERESTS</b>	<b>5,659,049</b>	<b>1,717,955</b>
<b>EARNINGS PER SHARE</b>	<b>P 0.4084</b>	<b>P 0.1670</b>

*See accompanying Notes to Consolidated Financial Statements*

Prepared by: 

ARSENIO T. LIAO  
Accountant

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE NINE MONTHS PERIOD ENDING SEPT.30, 2017 AND SEPT. 30, 2016**

	UNAUDITED		UNAUDITED	
	SEPT. 30, 2017		SEPT. 30, 2016	
<b>NET INCOME</b>	<b>P</b>	<b>162,567,741</b>	<b>P</b>	<b>65,801,776</b>
<b>OTHER COMPREHENSIVE INCOME(LOSS)</b>				
Changes in fair value of AFS investments		(4,030,090)		1,211,824
Amortization of unrealized losses on changes in fair value of AFS investments		-		-
Disposal of AFS investment				
Impairment loss on AFS investments				
Others				
		(4,030,090)		1,211,824
<b>TOTAL COMPREHENSIVE INCOME(LOSS)</b>	<b>P</b>	<b>158,537,651</b>	<b>P</b>	<b>67,013,600</b>
<b>TOTAL COMPREHENSIVE INCOME(LOSS)</b>				
<b>ATTRIBUTABLE TO:</b>				
<b>STOCKHOLDERS OF THE COMPANY</b>	<b>P</b>	<b>150,610,768</b>	<b>P</b>	<b>65,472,287</b>
<b>MINORITY INTERESTS</b>		<b>7,926,883</b>		<b>1,541,313</b>
	<b>P</b>	<b>158,537,651</b>	<b>P</b>	<b>67,013,600</b>

*See accompanying Notes to Consolidated Financial Statements*

Prepared by:

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Accountant

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS PERIOD JULY 1-SEPT. 30, 2017 AND JULY 1-SEPT.30, 2016**

	UNAUDITED JULY 1-SEPT. 30, 2017	UNAUDITED JULY 1-SEPT. 30, 2016
<b>REVENUES</b>		
Equity in net earnings of associate	P 21,159,358	P 35,708,978
Interest Income		
From Banks	2,866,839	3,486,567
From Securities	5,313,363	6,448,244
Total Interest Income	8,180,202	9,934,811
Unrealized gains on trading securities	4,986,582	4,781,603
Rental Income	7,673,153	3,587,395
Gains on disposal /redemption of AFS/HTM investments	37,770	400,233
Dividend Income	1,397,164	1,094,161
Realized forex gain	1,824	320,217
Other income	20,420	327,725
	P 43,456,473	P 56,155,123
<b>EXPENSES</b>		
Net foreign exchange loss	0	0
Amortization of unrealized losses on changes in fair value of AFS investments	0	0
Salaries, wages and employees' benefits	2,574,641	2,679,559
Depreciation	1,817,996	1,629,289
Professional fees	1,164,119	991,789
Condominium dues	872,928	849,834
Repairs and maintenance	0	60,714
Taxes and licenses	95,573	394,056
Entertainment, amusement and recreation	29,538	122,880
Unrealized loss on financial assets at FVPL	0	0
Others	898,831	693,415
	7,453,626	7,421,536
<b>NET INCOME</b>	P 36,002,847	P 48,733,587
<b>NET INCOME ATTRIBUTABLE TO:</b>		
<b>STOCKHOLDERS OF THE COMPANY</b>	P 34,202,705	P 47,555,860
<b>MINORITY INTERESTS</b>	1,800,142	977,727
<b>EARNINGS PER SHARE</b>	P 0.0890	P 0.1243

*See accompanying Notes to Consolidated Financial Statements*

Prepared by: 

ARSENIO T. LIAO  
Accountant

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS PERIOD JULY 1-SEPT. 30, 2017 AND JULY 1-SEPT. 30,2016**

		UNAUDITED JULY 1-SEPT. 30,2017		UNAUDITED JULY 1-SEPT. 30,2016
<b>NET INCOME</b>	<b>P</b>	<b>36,002,847</b>	<b>P</b>	<b>48,733,587</b>
<b>OTHER COMPREHENSIVE INCOME(LOSS)</b>				
Changes in fair value of AFS investments		-		1,132,050
Amortization of unrealized losses on changes in fair value of AFS investments		-		-
Disposal of AFS investment				
Impairment loss on AFS investments				
Others				
		-		1,132,050
<b>TOTAL COMPREHENSIVE INCOME(LOSS)</b>	<b>P</b>	<b>36,002,847</b>	<b>P</b>	<b>49,865,637</b>
<b>TOTAL COMPREHENSIVE INCOME(LOSS)</b>				
<b>ATTRIBUTABLE TO:</b>				
<b>STOCKHOLDERS OF THE COMPANY</b>	<b>P</b>	<b>34,202,705</b>	<b>P</b>	<b>49,362,493</b>
<b>MINORITY INTERESTS</b>		<b>1,800,142</b>		<b>503,144</b>
	<b>P</b>	<b>36,002,847</b>	<b>P</b>	<b>49,865,637</b>

*See accompanying Notes to Consolidated Financial Statements*

Prepared by:

  
ARSENIO T. LIAO  
Accountant

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE NINE MONTHS ENDED SEPT. 30, 2017 AND SEPT. 30, 2016  
AND THE YEAR ENDED DECEMBER 31, 2016**

	UNAUDITED SEPT. 30, 2017	UNAUDITED SEPT. 30, 2016	AUDITED DEC. 31, 2016
<b>CAPITAL STOCK</b>			
Balance at beginning of year P	481,827,653P	481,827,653 P	481,827,653
Exercise of stock warrants			
Issuance of additional shares of stock			
Subscription of additional shares of stock			
Balance at end of period	481,827,653	481,827,653	481,827,653
<b>ADDITIONAL PAID-IN CAPITAL</b>	144,759,977	144,759,977	144,759,977
Treasury Shares	(99,669,477)	(99,669,477)	(99,669,477)
Other Reserves	14,656,412	20,532,932	18,686,502
Actuarial loss on retirement benefit obligation	(1,152,586)	(2,412,162)	(1,152,586)
Share in other comprehensive income of associates	24,861,485	(15,961,151)	24,861,485
<b>SHARE IN REVALUATION INCREMENT ON LAND OWNED BY MCHC's SUBSIDIARIES</b>			
<b>RETAINED EARNINGS</b>			
Balance at beginning of period	1,296,094,095	1,238,994,327	1,238,994,327
Net Income	156,908,692	64,083,821	133,940,563
Dividends declared	(48,182,765)	(48,182,765)	(76,840,795)
Balance at end of period	1,404,820,022	1,254,895,383	1,296,094,095
	1,970,103,486	1,783,973,155	1,865,407,649
Minority Interests	78,870,018	74,512,533	73,210,971
<b>TOTAL STOCKHOLDERS' EQUITY P</b>	<b>2,048,973,504 P</b>	<b>1,858,485,688 P</b>	<b>1,938,618,620</b>

*See accompanying Notes to Consolidated Financial Statements*

Prepared by:



**ARSENIO T. LIAO**

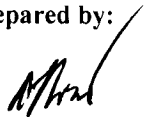
Accountant

**F & J PRINCE HOLDINGS CORPORATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS PERIOD ENDING SEPT. 30, 2017 AND SEPT. 30, 2016**

	UNAUDITED SEPT. 30, 2017	UNAUDITED SEPT. 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	P 156,908,692	P 64,083,821
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net earnings of associate	(21,159,358)	(35,708,978)
Minority Interest	5,659,049	1,717,955
Depreciation and amortization	5,355,215	6,898,273
Amortization of unrealized loss/gain on FV of AFS inv.	(4,030,090)	1,211,824
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	11,074,708	21,220,877
Prepaid expenses and other current assets	(5,184,140)	1,174,283
Increase (decrease) in accounts payable and accrued expenses	5,980,974	2,146,594
<i>Net cash provided by operating activities</i>	<i>154,605,050</i>	<i>62,744,649</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions/disposals of property and equipment	(2,188,659)	(8,071,046)
Investment in property	(78,206,168)	
AFS/HTM investments and financial assets (FVPL)	(174,050,048)	(9,460,216)
Decrease (increase) in:		
Receivable from related parties	0	0
Other assets	(44,025,644)	5,847,219
<i>Net cash provided by (used in) investing activities</i>	<i>(298,470,519)</i>	<i>(11,684,043)</i>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in:		
Cash dividends declared and paid	(48,182,765)	(48,182,765)
Dividends payable	(2,696,814)	(4,500)
Income tax payable	(5,358,282)	(2,927,784)
<i>Net cash provided by (used in) financing activities</i>	<i>(56,237,861)</i>	<i>(51,115,049)</i>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>P (200,103,330)</b>	<b>P (54,443)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>954,570,050</b>	<b>965,633,140</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>P 754,466,720</b>	<b>P 965,578,697</b>

See accompanying Notes to Consolidated Financial Statements

Prepared by:

  
 ARSENIO T. LIAO  
 Accountant

## ANNEX "F"

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 3 MONTHS PERIOD JULY 1-SEPT. 30, 2017 AND JULY 1-SEPT. 30, 2016**

	<b>UNAUDITED JULY 1- SEPT. 30, 2017</b>	<b>UNAUDITED JULY 1- SEPT. 30, 2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	P 34,202,705	P 47,755,860
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net earnings in associate	(21,159,358)	(35,708,978)
Minority interest	1,800,142	977,727
Depreciation and amortization	1,817,996	1,629,289
Unrealized loss/gain on changes in fair value of AFS/FVPL	0	1,132,050
Amortization of unrealized loss/gain on FV of AFS inv.	-	-
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	1,669,180	(206,247)
Prepaid expenses and other current assets	(1,143,907)	(472,102)
Increase (decrease) in:		
Accounts payable and accrued expenses	5,280,447	3,025,529
<b>Net cash provided by operating activities</b>	<b>22,467,205</b>	<b>18,133,128</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions/disposals of property and equipment	(2,113,178)	(71,429)
Investment in property	0	0
AFS/HTM/other investments and financial assets (FVPL)	(36,032,886)	11,440,042
Decrease (increase) in:		
Receivables from related parties	0	0
Other assets	(30,397,800)	45,018
<b>Net cash provided by (used in) investing activities</b>	<b>(68,543,864)</b>	<b>11,413,631</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in:		
Cash dividends declared and paid	(48,182,765)	(48,182,765)
Deposit liability	0	0
Dividends payable	0	(4,500)
Income tax payable	0	0
<b>Net cash provided by (used in) financing activities</b>	<b>(48,182,765)</b>	<b>(48,187,265)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>P (94,259,424)</b>	<b>P (18,640,506)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>848,726,144</b>	<b>984,219,203</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>P 754,466,720</b>	<b>P 965,578,697</b>



F&J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEET AS OF SEPT. 30, 2017 AND DECEMBER 31, 2016  
WITH VERTICAL AND HORIZONTAL PERCENTAGE ANALYSIS

"ANNEX G"

Page 1

	UNAUDITED3 SEPT. 30, 2017	VERTICAL PERCENTAGE ANALYSIS SEPT. 30, 2017	AUDITED DEC. 31, 2016	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2016	INCREASE (DECREASE) AMOUNT SEPT.30, 2017	INCREASE (DECREASE) PERCENTAGE ANALYSIS SEPT. 30, 2017
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	754,466,720	36.24%	954,570,050	48.35%	(200,103,330)	-20.96%
Financial assets at fair value through fair value thru profit or loss (FVPL)	298,031,290	14.31%	83,025,754	4.21%	215,005,536	258.96%
Short-term investments	-	-	-	-	--	-
Receivables :						
Advances to Officers & Employees	0	0.00%	0	0.00%	0	0.00%
Interest Receivable	9,307,493	0.45%	7,626,291	0.39%	1,681,202	22.04%
Dividends Receivable	8,770,895	0.42%	21,020,846	1.07%	(12,249,951)	-58.28%
Receivable from related parties	358,795	0.01%	424,149	0.02%	(65,354)	-15.41%
Others	1,007,300	0.05%	1,447,905	0.07%	(440,605)	-30.43%
Total Receivables	19,444,483	0.93%	30,519,191	1.55%	(11,074,708)	-36.29%
Allowance for impairment losses	857,369	-0.04%	857,369	-0.04%	0	0.00%
Total Receivables-Net	18,587,114	0.89%	29,661,822	1.51%	(11,074,708)	-37.34%
Current portion of HTM investments	0	0.00%	0	0.00%	0	0.00%
Current portion of AFS investments	20,552,306	0.99%	66,753,263	3.38%	(46,200,957)	-69.21%
Prepaid expenses & other current assets:						
Others	984,374	0.05%	819,933	0.04%	164,441	20.06%
Input Tax	18,135,157	0.87%	14,709,226	0.75%	3,425,931	23.29%
Prepaid Income Tax	1,593,768	0.08%	0	0.00%	1,593,768	0.00%
Total Prepaid expenses & other current assets	20,713,299	1.00%	15,529,159	0.79%	5,184,140	33.38%
Total Current Assets	1,112,350,729	53.43%	1,149,540,048	58.24%	(37,189,319)	-3.24%
<b>Non-current Assets</b>						
Receivables from related parties	0	0.00%	0	0.00%	0	0.00%
Investments in associates	316,307,909	15.19%	295,148,551	14.95%	21,159,358	7.17%
HTM investments-net of current portion	0	0	0	0.00%	0	0.00%
Available -for-sale (AFS) investments	340,367,198	16.36%	335,121,729	16.99%	5,245,469	1.57%
Investment in properties	232,651,186	11.17%	158,547,912	8.03%	74,103,274	46.74%
Property and Equipment						
Building	20,755,943	1.00%	20,755,943	1.05%	0	0.00%
Building Improvements	8,764,062	0.42%	8,764,062	0.44%	0	0.00%
Transportation equipment	10,263,080	0.49%	8,395,222	0.43%	1,867,858	22.25%
Furniture and fixtures	3,164,461	0.15%	2,843,660	0.14%	320,801	11.28%
Total Property and Equipment	42,947,546	2.06%	40,758,887	2.06%	2,188,659	5.37%
Less: accumulated depreciation	31,543,672	-1.52%	30,291,349	-1.53%	1,252,323	4.13%
Net Book Value	11,403,874	0.54%	10,467,538	0.53%	936,336	8.95%
Total Property and Equipment	11,403,874	0.54%	10,467,538	0.53%	936,336	8.95%
Deferred income tax assets-net	0	0.00%	0	0.00%	0	0.00%
Other Assets - net	68,953,130	3.31%	24,927,486	1.26%	44,025,644	176.61%
Total Non-Current Assets	969,683,297	46.57%	824,213,216	41.76%	145,470,081	17.65%
<b>TOTAL ASSETS</b>	<b>2,082,034,026</b>	<b>100.00%</b>	<b>1,973,753,264</b>	<b>100.00%</b>	<b>108,280,762</b>	<b>5.49%</b>

	UNAUDITED SEPT. 30, 2017	VERTICAL PERCENTAGE ANALYSIS SEPT. 30, 2017	AUDITED DEC. 31, 2016	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2016	INCREASE (DECREASE) AMOUNT SEPT. 30, 2017	INCREASE (DECREASE) PERCENTAGE ANALYSIS SEPT. 30, 2017
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>						
<b>Current Liabilities</b>						
<b>Accounts Payable and accrued expenses</b>						
Accounts payable-trade	0	0.00%	0	0.00%	0	0.00%
Accounts payable-others	737,411	0.03%	1,474,677	0.08%	(737,266)	-50.00%
Withholding taxes payable	3,243,819	0.16%	442,248	0.02%	2,801,571	633.48%
SSS Premium Payable	11,676	0.00%	16,692	0.00%	(5,016)	-30.05%
HDMF Premium Payable	1,896	0.00%	2,096	0.00%	(200)	-9.54%
Philhealth Premium Payable	6,500	0.00%	6,750	0.00%	(250)	-3.70%
Deposit Payable	5,377,162	0.26%	1,507,524	0.08%	3,869,638	256.69%
Output Vat Payable	623,141	0.03%	369,943	0.02%	253,198	68.44%
Accrued expenses	662,837	0.03%	863,538	0.04%	(200,701)	-23.24%
<b>Total Accounts payable &amp; accrued expenses</b>	<b>10,664,442</b>	<b>0.51%</b>	<b>4,683,468</b>	<b>0.24%</b>	<b>5,980,974</b>	<b>127.70%</b>
Dividends Payable	3,309,752	0.16%	6,006,566	0.31%	(2,696,814)	-44.90%
Income Tax Payable	44,066	0.01%	5,402,348	0.27%	(5,358,282)	-99.18%
Provision for legal obligation	5,000,000	0.24%	5,000,000	0.25%	0	0.00%
<b>Total Current Liabilities</b>	<b>19,018,260</b>	<b>0.91%</b>	<b>21,092,382</b>	<b>1.07%</b>	<b>(2,074,122)</b>	<b>-9.83%</b>
<b>Non-Current Liabilities</b>						
Deferred tax liabilities-net	2,736,531	0.13%	2,736,531	0.14%	0	0.00%
Payable to related parties	0	0.00%	0	0.00%	0	0.00%
Retirement benefit obligation	11,305,731	0.55%	11,305,731	0.57%	0	0.00%
<b>Total Non-Current Liabilities</b>	<b>14,042,262</b>	<b>0.68%</b>	<b>14,042,262</b>	<b>0.71%</b>	<b>0</b>	<b>0.00%</b>
<b>Stockholders' Equity</b>						
Capital stock	481,827,653	23.15%	481,827,653	24.41%	0	0.00%
Additional paid in capital	144,759,977	6.95%	144,759,977	7.33%	0	0.00%
Other reserves	14,656,412	0.70%	18,686,502	0.95%	(4,030,090)	-21.57%
Actuarial loss on retirement obligation	(1,152,586)	-0.06%	(1,152,586)	-0.06%	0	0.00%
Accumulated share in OCI of associates	24,861,485	1.19%	24,861,485	1.26%	0	0.00%
Treasury shares	(99,669,477)	-4.79%	(99,669,477)	-5.05%	0	0.00%
Retained earnings	1,404,820,021	67.48%	1,296,094,095	65.68%	108,725,926	8.39%
<b>Total Equity Attributable to Stockholders of the Company</b>	<b>1,970,103,485</b>	<b>94.62%</b>	<b>1,865,407,649</b>	<b>94.52%</b>	<b>104,695,836</b>	<b>5.61%</b>
Minority Interest	78,870,019	3.79%	73,210,971	3.70%	5,659,048	7.73%
<b>Total Stockholders' Equity</b>	<b>2,048,973,504</b>	<b>98.41%</b>	<b>1,938,618,620</b>	<b>98.22%</b>	<b>110,354,884</b>	<b>5.69%</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>2,082,034,026</b>	<b>100.00%</b>	<b>1,973,753,264</b>	<b>100.00%</b>	<b>108,280,762</b>	<b>5.49%</b>

# F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 1. Corporate Information

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

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

Details on the Parent Company's subsidiaries as of September 30, 2017 and December 31, 2016 are as follows:

	Country of Incorporation	Primary Purpose	Percentage of Ownership
Magellan Capital Holdings Corporation (MCHC)*	Philippines	Holding company	94.37%
Pinamucan Industrial Estates, Inc. (PIEI)	Philippines	Real estate holding and development	100%
Malabrigo Corporation (MC)	Philippines	Mining	100%
Magellan Capital Realty Development Corporation (MCRDC)**	Philippines	Realty	100%
Magellan Capital Trading Corporation (MCTC)**	Philippines	Trading	100%

\*Intermediate Parent Company

\*\*Nonoperational since incorporation.

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### 2. Basis of Preparation and Statement of Compliance

#### Basis of Preparation

The interim condensed consolidated financial statements of the Group have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss (FVPL) and certain available for sale (AFS) financial assets that have been measured at fair value (see Notes 5 and 8), and are prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The interim condensed consolidated financial statements are presented in Philippine peso (₱), which is the Parent Company and its subsidiaries' functional currency, and rounded off to the nearest peso, except when otherwise indicated.

The interim condensed consolidated financial statements do not include all information and disclosure required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at September 30, 2017 and for the year ended December 31, 2016.

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### 3. Summary of Significant Accounting Policies

#### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2016, except for the following adoption of new and amended Philippine Financial Reporting Standards (PFRS), which are effective as of January 1, 2016:

- PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidated Exceptions* (Amendments)

These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statement applies to parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its subsidiaries. These amendments do not have any impact on the Group's interim condensed consolidated financial statements.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. These amendments do not have any impact on the Group's interim condensed consolidated financial statements.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)

The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business to apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are to be applied retrospectively, with early adoption permitted. These amendments do not have any impact to the Group.

- PAS 1, *Presentation of Financial Statement - Disclosure Initiative* (Amendments)

The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:

- That specific line items in the statement of income and OCI and the statement of financial position may disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classifies between those items that will or will not be subsequently reclassified to profit or loss.

These amendments do not have any impact to the Group.

- *PFRS 14, Regulatory Deferral Accounts*

PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statements of financial position and present movements in these account balances as separate line items in the statements of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing PFRS preparer, this standard would not apply.

- *PAS 16, Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants (Amendments)*

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. These amendments do not expected have any impact to the Group as the Group does not have any bearer plants.

- *PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)*

The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are to be applied prospectively, with early adoption permitted. These amendments do not have any impact to the Group given that the Group has not used a revenue-based method to depreciate its noncurrent assets.

*Annual Improvements to PFRSs (2012 - 2014 cycle)*

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and do not have a material impact on the Group.

- *PFRS 5, Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*

The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts***  
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.
- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements***  
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.
- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate***  
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'***  
The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

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#### 4. Cash and Cash Equivalents

	September , 2017	December, 2016
Cash on hand	<b>₱9,000</b>	<b>₱9,000</b>
Cash with banks	<b>8,512,516</b>	<b>207,464,275</b>
Short-term placements	<b>745,945,204</b>	<b>747,096,775</b>
	<b>₱754,466,720</b>	<b>₱954,570,050</b>

Cash with banks earn interest at the respective bank deposit rates. Short-term placements are fixed rate time deposits denominated in United States (US) dollar and Philippine peso, made for varying periods of up to three months or less, depending on the immediate cash requirements of the Group. Interest income earned from these bank deposits and short-term placements amounted to ₱9.0 million and ₱ 17.2 million in September, 2017 and December ,2016, respectively.

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## 5. Financial Assets at FVPL

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

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

	September, 2017	December, 2016
Cost:		
Balances at beginning of year	<b>₱54,186,953</b>	₱44,214,962
Additions	<b>31,362,888</b>	14,309,326
Reclassification	<b>78,282,585</b>	
Disposals	<b>(10,440,428)</b>	(4,337,335)
Balances at end of year	<b>153,391,998</b>	54,186,953
Changes in fair value:		
Balances at beginning of year	<b>28,838,801</b>	18,137,356
Fair value losses/gains	<b>114,532,793</b>	9,980,598
Disposals	<b>1,267,698</b>	720,847
Balances at end of year	<b>144,639,292</b>	28,838,801
	<b>₱298,031,290</b>	₱83,025,754

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## 6. Receivables

	September, 2017	December, 2016
Accrued interest	<b>₱9,307,493</b>	₱7,626,291
Rent receivable	<b>53,582</b>	533,447
Others	<b>953,718</b>	914,458
	<b>10,314,793</b>	9,074,196
Less allowance for impairment losses	<b>857,369</b>	857,369
	<b>9,457,424</b>	₱8,216,827

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

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## 7. Investments in Associates

	September, 2017	December, 2016
Costs:		
Acquisition costs	<b>₱295,148,551</b>	₱288,590,264
Conversion of deposit for stock subscription		-
		288,590,264
Accumulated equity in net earnings and OCI:		

Balances at beginning of year		8,657,612
Share in net income from associates	<b>21,159,358</b>	72,929,014
Share in OCI from associates		40,822,636
Dividends declared by associates		(21,020,846)
Balances at end of year		101,388,416
Deposit for stock subscription:		
Balances at beginning of year		-
Deposit		-
Conversion of deposit for stock subscription		-
Accumulated allowance for impairment loss		(94,830,129)
	<b>₱316,307,909</b>	<b>₱295,148,551</b>

The Group has equity interest and additional deposits for stock subscription to the following associates as of September 30, 2017:

	Country of Incorporation	Percentage of Ownership		Carrying Amount of Investments	
				Sept., 2017	December, 2016
PTC	Philippines	<b>30</b>	30	₱ 243,795,499	₱ 243,795,499
BPO	Philippines	<b>35</b>	35	51,353,052	51,353,052
MUDC	Philippines	<b>43</b>	43	-	-
				<b>₱295,148,551</b>	<b>₱295,148,551</b>

#### *PTC*

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

#### *a. Dividends*

The Group's share in the dividends declared by PTC amounted to nil, ₱59.6 million and ₱45.1 million in 2016, 2015 and 2014, respectively.

#### *Deposit for Stock Subscription*

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

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

#### *BPO*

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

On December 12, 2016, BPO declared cash dividend amounting to ₱60.1 million or ₱77.00 per share of the outstanding stocks as of record date December 12, 2016. Dividends shall be payable on or before June 30, 2017. The share in the dividends which is outstanding as of December 31, 2016 amounted to ₱21.0 million. A total of ₱12 million has been collected with an outstanding balance of ₱9 million as of September 30, 2017.



### *MUDC*

The Group has a 43% interest in MUDC. As of September 30, 2017, MUDC has been nonoperational since its incorporation. However, it has obtained the necessary requirements for the signing of a supply agreement with a public utility firm and a purchase agreement with certain oil companies. As of December 31, 2016 and 2015, MUDC has project development costs of ₱207.1 million. The recoverability of these assets and the ultimate success of MUDC's future operations are dependent upon the signing of these agreements. The foregoing conditions indicate the existence of a material uncertainty which may cast significant doubt on MUDC's ability to continue as a going concern and the recoverability of the Group's significant investment in MUDC.

As of December 31, 2016 and 2015, MUDC has incurred significant losses, which resulted in capital deficiency.

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

Additional losses are provided for by the Group to the extent that it has made payments on behalf of MUDC to satisfy MUDC's obligations that the Group has guaranteed or otherwise committed.

As of December 31, 2016 and 2015, the Group has assessed that its advances to MUDC amounting to ₱127.7 million are impaired since management believes that it will no longer recover from such advances.

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## 8. AFS Financial Assets

	September, 2017	December, 2016
Debt securities	<b>₱274,485,471</b>	₱274,485,471
Equity securities - at fair value, net of allowance for impairment loss of ₱3.1 million as of Sept., 30, 2017 and 2016 respectively	<b>53,969,722</b>	94,925,210
Equity securities - at cost	<b>32,464,311</b>	32,464,311
	<b>₱360,919,504</b>	₱401,874,992
Less: current portion	<b>20,552,306</b>	66,753,263
	<b>₱340,367,198</b>	₱335,121,729

Movements in AFS financial assets are as follows:

	September, 2017	December, 2016
Balance at the beginning of the year	<b>₱401,874,992</b>	₱406,138,176
Additions	<b>147,102,203</b>	70,379,312
Reclassifications	<b>(129,804,150)</b>	
Disposals	<b>(54,223,451)</b>	(89,292,071)
Changes in fair market value:		
Profit or loss	<b>(4,030,090)</b>	13,426,342
Other comprehensive income		1,223,233
Balances at end of year	<b>₱360,919,504</b>	₱401,874,992

Investments in debt securities are denominated in various foreign currencies and are stated at fair value based on quoted prices. Changes in market values are included in the consolidated statement of comprehensive income. The debt securities bear fixed interest rates ranging from 4.34% to 13.63% as of September 30, 2017 and December 31, 2016, respectively. Maturity dates of the investments range from 2017 to 2024. Interests on investments are received and settled semi-annually in its denominated currency.

Investments in equity securities carried at fair value consist of proprietary club shares, perpetual bonds and investments in quoted shares of stock which the Group has neither control nor significant influence. The fair market values of these listed shares are determined by reference to published quotations in an active market as of September 30, 2017 and December 31, 2016.

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

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

	<b>Sept., 2017</b>	<b>December, 2016</b>
Balances at beginning of year	<b>₱23,302,261</b>	<b>₱22,079,028</b>
Changes in fair value of AFS financial assets		5,515,323
Impairment loss on AFS financial assets recognized in profit or loss		-
Disposals of AFS financial assets	<b>(3,752,751)</b>	<b>(4,292,090)</b>
Reclassification of HTM investments to AFS investments	-	-
Amortization of net unrealized valuation gains on AFS financial assets reclassified to HTM investments	-	-
Balances at end of year	<b>₱19,549,510</b>	<b>₱23,302,261</b>

Details of the allowance for impairment losses are as follows:

	<b>September, 2017</b>	<b>December, 2016</b>
Balances at beginning of year	<b>₱3,127,676</b>	<b>₱3,127,676</b>
Provision		
Balances at end of year	<b>₱3,127,676</b>	<b>₱3,127,676</b>

On April 4, 2014, the Group sold more than an insignificant portion of its HTM investments before maturity. The Group subsequently reclassified its HTM investments to AFS financial assets.

Interest earned on debt securities classified as AFS financial assets amounted to ₱ 16.6 million and ₱ 23.0 million in September, 2017 and December, 2016 respectively, presented as "Interest income" in profit or loss.

Dividend income earned on equity securities classified as AFS financial assets amounted to ₱2.4 million and ₱0.7 million in September, 2017 and December, 2016, respectively.

## 9. HTM Investments

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

## 10. Property and Equipment

September, 2017

	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
<b>Costs:</b>					
Balances at beginning of year	₱20,755,943	8,764,062	8,395,222	2,843,660	40,758,887
Additions		-	1,867,858	320,801	2,188,659
Balances at end of year	₱20,755,943	8,764,062	10,263,080	3,164,461	42,947,546
<b>Accumulated depreciation:</b>					
Balances at beginning of year	13,491,678	8,246,185	5,766,624	2,786,862	30,291,349
Depreciation	622,675	52,915	511,295	65,438	1,252,323
Balances at end of year	14,114,353	8,299,100	6,277,919	2,852,300	31,543,672
Net book values	₱6,641,590	₱464,962	₱3,985,161	₱312,161	₱11,403,874

December, 2016

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

During the first quarter of 2016, the company acquired a condominium unit from Antel Holdings.

## 11. Investment Properties

September, 2017

	Land	Condominium	Total
<b>Costs:</b>			
Balances at beginning and end of year	₱46,319,625	₱136,763,800	₱183,083,425
Additions		78,206,168	78,206,168
Balances at beginning and end of year/quarter	₱46,319,625	₱214,969,968	₱261,289,593
<b>Accumulated depreciation:</b>			
Balances at beginning of year	-	24,535,513	24,535,513
Depreciation for the quarter	-	4,102,894	4,102,894
Balances at end of year/quarter	-	28,638,407	28,638,407
Net book values	₱46,319,625	₱186,331,561	₱232,651,186

December, 2016

	Land	Condominium	Total
<b>Costs:</b>			
Balances at beginning of year and end of year	₱46,319,625	₱136,763,800	₱183,083,425
<b>Accumulated depreciation:</b>			
Balances at beginning of year	-	20,078,562	20,078,562
Depreciation	-	4,456,951	4,456,951
Balances at end of year	-	24,535,513	24,535,513
Net book values	₱46,319,625	₱112,228,287	₱158,547,912

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**12. Other Noncurrent Assets**

	September , 2017	December, 2016
Deposit on contracts	<b>₱37,811,751</b>	₱24,183,905
Deposits	<b>743,579</b>	743,581
Investment in Oriente	<b>30,397,800</b>	-
	<b>₱68,953,130</b>	₱24,927,486

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**13. Accounts Payable and Accrued Expenses**

	September , 2017	December, 2016
Customer deposits	<b>₱5,377,162</b>	₱1,507,524
Accounts payable	<b>1,134,567</b>	1,451,973
Accrued professional fees	<b>60,909</b>	863,538
Government payables	<b>4,091,804</b>	860,433
	<b>₱10,664,442</b>	₱4,683,468

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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.

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**14. Income Taxes**

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

	2016	2015	2014
Current:			
RCIT	₱7,213,243	₱4,051,089	₱2,353,362
Final tax on interest income	<b>2,987,702</b>	<b>2,766,639</b>	2,708,642
MCIT	-	<b>74,163</b>	54,405
Stock transfer tax on disposal of FVPL	-	<b>12,427</b>	-
	<b>₱10,200,945</b>	<b>₱6,904,318</b>	<b>₱5,116,409</b>

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**15. Equity****a. Common Stock**

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

	September , 2017	December, 2016
Common stock - ₱1 par value		
Class A		
Authorized - 600 million shares		
Issued -292,610,118 shares	<b>₱292,610,118</b>	₱292,610,118
Class B		
Authorized - 400 million shares		
Issued – 189,217,535 shares	<b>189,217,535</b>	189,217,535
	<b>₱481,827,653</b>	₱481,827,653

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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
	<u>48,103,272</u>		
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
	<u>48,103,273</u>		
	<u>96,206,545</u>		

Full payment of each subscription under the First Tranche was made within the offer period approved by the PSE and the SEC, and the full payment of each subscription under the second tranche shall be due and payable one year from the last day of the offer period. With the full subscription of the Pre-Emptive Rights Stock Offering, the Group's outstanding common stock increased to 481,032,728 common shares of stock, consisting of 291,886,391 Class A common shares and 189,146,337 Class B common shares, all with par value of ₱1 per share.

With the complete exercise of all Detachable Stock Warrants, the Group will have an outstanding common stock of 577,239,273 shares, consisting of 350,263,669 Class A common shares and 226,975,604 Class B common shares, all with par value of ₱1 per share. However, as of December 31, 2007, 723,727 Class A common stock warrants and 71,198 Class B common stock warrants were exercised and 28,464,912 Class A common stock warrants and 18,843,435 Class B common stock warrants expired. As of December 31, 2008, 29,188,639 Class A common stock warrants and 18,914,634 Class B common stock warrants expired due to non-exercise of stock warrants before expiration date. After the expiration of the said warrants, the Group's outstanding common stock amounted to ₱481,827,653 with additional paid-in capital of ₱144,759,977. There have been no movements since 2008.

The Parent Company has 483, 458 and 487 stockholders as of 2016, 2015 and 2014 respectively.

b. Treasury Shares

For consolidation purposes, the costs of these shares are presented under the "Treasury shares" account in the equity section of the interim condensed consolidated statements of financial position.

As of September 30, 2017 and December 31, 2016, the Group's treasury shares are as follows:

	Shares		Amount	
	Sept., 2017	December, 2016	Sept., 2017	December, 2016
Balance at beginning of year	97,634,827	97,411,827	₱99,669,477	₱98,942,697
Additions		223,000		726,780
Balance at end of year	97,634,827	97,634,827	₱99,669,477	₱99,669,477

c. Retained Earnings

Retained earnings is restricted to the extent of the acquisition price of the treasury shares amounting to ₱99.7 million as of December 31, 2016 and 2015. Retained earnings is also restricted to the extent of equity in net earnings of the associates not declared as dividends as of reporting date.

Dividends payable amounted to ₱6.0 million as of September 30, 2017 and December 31, 2016, respectively.

## 16. Related Party Transactions

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

A summary of outstanding balances and transactions with related parties, net of allowance for impairment loss and presented under "Receivables from related parties" account, are as follows:

		Transactions	Outstanding	Terms	Conditions
		during the year	balance		
BPO- Rental income	Sept., 2017	960,823	18,338	30 days, non-	Unsecured; no
	December, 2016	1,212,831	137,907	interest bearing	Impairment
Payroll services	Sept., 2017	47,360	-	30 days, non-	Unsecured; no
	December, 2016	51,195	-	interest bearing	Impairment

		Transactions during the year	Outstanding balance	Terms	Conditions
Dividends	<b>Sept., 2017</b>	-	<b>8,770,895</b>	30 days, non-	Unsecured; no
	December, 2016	21,020,846	21,020,846	interest bearing	Impairment
PTC-Dividends	<b>Sept., 2017</b>	-	-	30 days, non-	Unsecured; no
	December, 2016	-	-	interest bearing	Impairment
MUDC-Advances	<b>Sept., 2017</b>	53,600	<b>334,672</b>	30 days, non-	Unsecured; no
	December, 2016	-	-	interest bearing	Impairment
Under common control:					
Other related parties					
Advances	<b>Sept., 2017</b>	615	<b>5,785</b>	30 days, non-	Unsecured; no
	December, 2016	1,599	286,242	interest bearing	Impairment
			<b>9,129,690</b>		
			21,444,995		

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

	<b>Sept., 2017</b>	December, 2016
Receivables from related parties - at gross	<b>₱210,242,519</b>	₱210,242,519
Less: Allowance for impairment loss:		
Balances at beginning of year	<b>188,797,524</b>	186,248,238
Provision	<b>12,315,305</b>	2,549,286
Balances at end of year	<b>201,112,829</b>	188,797,524
	<b>₱9,129,690</b>	₱21,444,995

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

## 17. Earnings per Share

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

	<b>Sept., 2017</b>	December, 2016
Net income attributable to equity holders of the parent	<b>₱156,908,692</b>	₱133,940,563
Weighted average number of ordinary shares outstanding for basic and diluted EPS	384,192,826	384,192,826
Basic and diluted earnings per share	<b>₱0.4084</b>	₱0.35

The Group has no potential dilutive instruments issued as of September 30, 2017 and December 31, 2016.

## 18. Segment Information

The primary purpose of the Parent Company and its subsidiaries is to invest in real and personal properties. The Parent Company operates mainly in one reportable business segment which is investing and one reportable geographical segment which is the Philippines.

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## 19. Commitments and Contingencies

- a. The Group leases a portion of its condominium spaces. The Group recognized rental income amounting to ₱19 million and ₱14.0 million in September, 2017 and December, 2016, respectively. As of September 30, 2017 and December 31, 2016, outstanding rent receivable amounted to ₱.01 million and ₱.05 million, respectively. The lease agreements have terms of one to two years and can be renewed upon the written agreement of the Group and the lessees. Deposit payable made by the tenants amounting to ₱5.3 million and ₱1.5 million as of September 30, 2017 and December 31, 2016, respectively, will be returned to the lessees after the lease term.
- b. As of September 30, 2017 and December 31, 2016, the Group has a provision for legal obligation amounting to ₱5.0 million, for claims arising from lawsuit filed by a third party, which is awaiting decision by the courts. Probable cost has been estimated in consultation with the Group's legal counsel. Management and its legal counsels believe that the Company has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions, if any, will not have material adverse impact on the Company's financial position and results of operations.

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## 20. Fair Value of Financial Instruments

Set out below is a comparison, by class, of the carrying amount, and fair value of the Group's financial instrument, other than those with carrying amount that are reasonable approximation of fair values:

	September, 2017		December, 2016	
	Carrying Amount	Fair Values	Carrying Amount	Fair Values
Financial Assets				
Current:				
Financial assets at FVPL	<b>₱298,031,290</b>	<b>₱298,031,290</b>	₱83,025,754	₱83,025,754
AFS financial assets	<b>20,552,306</b>	<b>20,552,306</b>	66,753,263	66,753,263
Noncurrent:				
AFS financial assets	<b>286,397,476</b>	<b>286,397,476</b>	240,196,519	240,196,519
	<b>₱604,981,072</b>	<b>₱604,981,072</b>	₱389,975,536	₱389,975,536

The Group has determined that the carrying amounts of cash and cash equivalents, short-term investments, receivables, receivables from related parties and accrued expenses and other liabilities and dividends payable, based on their notional amounts, reasonably approximate their fair values because these are short-term in nature.

Fair values of financial assets at FVPL and quoted AFS financial assets are based on price quotations at the reporting date. These financial instruments are classified as Level 1 in the fair value hierarchy.

As of September 30, 2017 and December 31, 2016, there were no transfers between Level 1 and Level 2 fair value measurements. Also, there were no transfers into and out of Level 3 fair value measurements.



**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY**  
**AGING OF ACCOUNTS RECEIVABLE**  
**AS OF SEPTEMBER 30, 2017**

Name	Beginning Balance	Additions	Deductions		Current 30 days	60 days or over	Over 120 days	Ending Balance
			Amount Collected	Amount Written-Off				
Magellan Capital Realty Development Corp.	26,658	6,129				5,629	27,158	32,787
Magellan Capital Corporation	281,072						281,072	281,072
Magellan Capital Trading Corporation	27,658	6,129				5,629	28,158	33,787
Magellan Utilities Development Corp.	0							0
Business Process Outsourcing International	21,158,753	1,076,122	13,445,643				8,789,232	8,789,232
Pinamucan Power Corporation	3,325	616				116	3,825	3,941
Pointwest Technologies Corporation	0							0
Philippine Deposit Insurance Corporation	500,000	500,000					1,000,000	1,000,000
Others	200						200	200
	21,997,666	1,588,996	13,445,643			11,374	10,129,645	10,141,019