



# 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 June 2016**
2. SEC Identification Number **43370** 3. BIR Tax Identification No. **000-829-097**
4. *F & J Prince Holdings Corporation*  
Exact name of registrant as specified in its charter
5. **Philippines**  
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code:  (SEC Use Only)
7. **5th Floor, Citibank Center Building**  
**8741 Paseo de Roxas, Makati City** **1226**  
Address of principal office Postal Code
8. **(632) 892-7133**  
Registrant's telephone number, including area code
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA

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

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

Yes [  ] No [  ]

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

**Philippine Stock Exchange**

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

12. Indicate by check mark whether the registrant:

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

Yes [  ] No [  ]

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

Yes [  ] No [  ]

**PART I**

**FINANCIAL INFORMATION**

**Item 1. Financial Statements**

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

- (1) Unaudited Consolidated Interim Balance Sheet as of 30 June 2016 and Audited Consolidated Balance Sheet as of 31 December 2015 as Annex “A”;
- (2) Unaudited Consolidated Interim Statement of Income and Summary of General and Administrative Expenses for the six (6) month period ending 30 June 2016 and the six (6) month period ending 30 June 2015 as Annex “B”;
- (3) Unaudited Consolidated Interim Statement of Income and Summary of General and Administrative Expense for the three (3) month period from April 01 – June 30, 2016 and for the three (3) month period from April 01 – June 30, 2015 as Annex “C”;
- (4) Unaudited Consolidated Interim Statement of Changes in Stockholders’ Equity for the six (6) month periods ending 30 June 2016 and 30 June 2015 and Audited Consolidated Statement of Changes in Stockholders’ Equity for the year ending 31 December 2015 as Annex “D”;
- (5) Unaudited Consolidated Interim Cash Flow Statement for the six (6) month period ending 30 June 2016 and the six (6) month period ending 30 June 2015 as Annex “E”;
- (6) Interim Consolidated Cash Flow Statement for the three (3) month periods ending 30 June 2016 and 30 June 2015 as Annex “F”; and
- (7) Consolidated Balance Sheet as of 30 June 2016 and December 31, 2015 with vertical and horizontal percentage analysis as Annex “G”.

## ITEM 2. 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 from ₱12.8 million in 2015 due to escalation of rental rates and the leasing out of additional condominium office units 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 were partly offset by reduction in FX loss and loss on disposal of AFS financial asset.

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 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.

**(a) Operating Results and Financial Condition for the Second Quarter of 2016**

- (i) There are no known trends, demands, events or uncertainties that would have a material effect on the Issuer's liquidity.
- (ii) There are no known or anticipated events that would trigger direct or contingent financial obligation that is material to the Company including any default or acceleration of any obligation.
- (iii) There are no material off-balance sheet transaction, arrangements, obligations (including contingent obligations) and other relationship of the Company with unconsolidated entities or other persons created during first quarter of 2016 or in prior periods.
- (iv) There are no material commitments for capital expenditures, by the Company or its majority owned subsidiary and equity in net earnings of association.
- (v) There are no trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable impact on net revenues/income from continuing operations except for possible unrealized or realized foreign exchange gains from the dollar denominated investments of the Company and its majority owned subsidiary and equity in net earnings of associates. These are generally recognized in the year-end Audited Financial Statements except for realized foreign exchange gain which are reported in the period realized.

- (vi) The Company did not realize any non-operating income in the first quarter of 2016 or in the second quarter of 2015 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 second quarter of 2016 and second quarter of 2015.

## Operating Results

Breakdown of Revenue for the Three Month Periods Ending June 30, 2016 and June 30, 2015 with Vertical and Horizontal Percentage Analysis is shown below:

(P000)	Second Quarter 2016	Vertical Percentage Analysis	Second Quarter 2015	Vertical Percentage Analysis	Increase (Decrease) Amount	Increase (Decrease) Percentage
INTEREST INCOME						
From Banks	₱ 3,658	20.4%	₱ 3,259	23.4%	399	12.2%
From Securities	5,722	32.0%	5,828	41.8%	(106)	(1.8%)
<b>TOTAL</b>	<b>₱ 9,380</b>	<b>52.4%</b>	<b>₱ 9,087</b>	<b>65.2%</b>	<b>293</b>	<b>3.2%</b>
UNREALIZED GAIN ON TRADING SECURITIES	2,752	15.4%	-	-	2,752	-
REALIZED GAIN ON REDEMPTION OF AFS/HTM INVESTMENTS	795	4.4%	-	-	795	-
DIVIDEND INCOME	986	5.5%	1,075	7.7%	(89)	(8.2%)
RENT INCOME	3,402	19.0%	3,094	22.2%	308	10%
GAINS ON SALE OF FVPL	-	-	605	4.3%	(605)	-
REALIZED FX GAIN	573	3.2%	-	-	573	-
OTHER INCOME	-	-	79	0.6%	(79)	-
<b>TOTAL</b>	<b>₱ 17,889</b>	<b>100%</b>	<b>₱ 13,941</b>	<b>100%</b>	<b>3,948</b>	<b>28.3%</b>

**Revenues.** Consolidated revenues, during the 3 month period ended June 30, 2016 increased by 28.3% to ₱17.9 million compared to ₱13.9 million during the same 3 month period in 2015. The higher revenue was due mainly to unrealized gain from trading securities which totaled ₱2.8 million in the second quarter of 2016 compared to nil in the second quarter of 2015 as a result of higher stock prices. Realized gain on redemption of AFS/HTM investments of ₱795,000 in the second quarter of 2016 versus nil in the second quarter of 2015 also contributed to the higher revenue. In addition, interest income increased from ₱9.1 million in the second quarter of 2015 to ₱9.4 million in the second quarter of 2016 due to higher interest rates. Rental income also increased by 10% from ₱3.1 million in the second quarter of 2015 to ₱3.4 million in the second quarter of 2016 due to the escalation of rental rates.

**Expenses.** Consolidated expenses in the second quarter of 2016 totaled ₱7.1 million compared to ₱9.5 million in the second quarter of 2015. As shown in Annex C, most of the decrease was accounted for by lower unrealized loss on financial assets at FVPL which decreased to ₱0.1 million in the second quarter of 2016 from ₱3.4 nil in the second quarter of 2015.

**Operating Income.** Due to the factors discussed above, consolidated operating income in the second quarter of 2016 totaled ₱10.8 million compared to ₱4.5 million in the second quarter of 2015.

**Net Income.** Net income totaled ₱10.8 million during the second quarter of 2016 compared to ₱4.5 million in the second quarter of 2015. Net income in the second quarter of 2016 attributable to shareholders of the company totaled ₱10.3 million while ₱0.5 million was attributable to minority shareholders in the company's 94% owned subsidiary Magellan Capital Holdings Corporation (MCHC). In the second quarter of 2015, ₱4.2 million in net income was attributable to stockholders of the company while ₱0.2 million was attributable to minority stockholders in MCHC.

## **BALANCE SHEET ACCOUNTS**

Annex "F" shows the Vertical and Horizontal Percentage Analysis of Balance Sheet Account for June 30, 2016 compared to December 31, 2015.

### **Assets**

**Current Assets.** Consolidated current assets as of June 30, 2016 totaled ₱1,099.8 million compared to ₱1,091.9 million as of December 31, 2015. Most of the increase was due to the higher cash and cash equivalents which increased from ₱965.6 million as of December 31, 2015 to ₱984.2 as of June 30, 2016. Financial assets as FVPL also increased from ₱62.4 million as of December 31, 2015 to ₱74.7 million as of June 30, 2016. This was offset by reduction in receivables which dropped from ₱31.9 million at year-end 2015 to ₱10.5 million as of June 30, 2016 due to collection of dividend receivables.

**Receivables from Related Parties.** This account stayed at nil at the end of June 30, 2016 the same level as at the end of 2015 as Magellan Capital Holdings Corporation has stopped making shareholders advances to Magellan Utilities Development Corporation.

**Investments in Associates.** This account which consists of investment in Pointwest Technologies Corporation and BPO International, Inc. remained at the same level at year-end 2015 and at June 30, 2016 at ₱202.4 million as equity in net earnings of associates are not taken up until year end.

**Available for Sale Investments.** This account which consists mostly of medium term bonds and listed stock securities increased from ₱401.3 million at year-end 2015 to ₱409.7 million at June 30, 2016 due to additional bond investment held by the Registrant and its subsidiaries.

**Property and Equipment.** This account totaled ₱16.9 million as of June 30, 2016 compared to ₱12.0 million as of December 31, 2015 due to additional property investments in the first half of 2016.

**Investment in Property.** This Account totaled ₱130.3 million at June 30, 2016 compared to ₱132.4 million at year end 2015 due to allowance for depreciation taken in the first half of 2016.

**Other Non-Current Assets.** This account totaled ₱26.6 million as of June 30, 2016, lower than the ₱32.4 million as of December 31, 2015 due to movement of an item to property and equipment.

**Total Assets.** As a result of the foregoing, total assets increased to ₱1,885.8 million as of June 30, 2016 from ₱1,872.4 million as of December 31, 2015.

### **Liabilities and Equity**

**Current Liabilities.** Current liabilities decreased to ₱11.8 million as of June 30, 2016 from ₱15.6 million as of December 31, 2015 due mainly to reduction in income tax payable which were paid in April 2016 and due to lower accounts payable.

**Non-Current Liabilities.** Non-current liabilities which consists mostly of retirement benefit obligation was stable at ₱17.2 million as of June 30, 2016, the same level as at year-end 2015.

**Stockholder's Equity.** Total stockholder's equity increased to ₱1,856.8 million as of June 30, 2016 from ₱1,839.6 million at year-end 2015 due to the net income of ₱17.1 million generated in the first half of 2016. Total equity attributable to stockholders of the company totaled ₱1,783.3 million at June 30, 2016 from ₱1,766.9 million at December 31, 2015 due to the net income of ₱16.3 million attributable to stockholders of the company in the first half of 2016. Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was ₱73.5 million at June 30, 2016 compared to ₱72.8 million at year-end 2015.

**(a) Top Performance Indicators**

The top five (5) performance indicators for the Company and its Subsidiary are as follows:

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

**Change in Revenues.** Consolidated revenues in the second quarter of 2016 and 2015 are shown in Annex “C” and presented below in summary form:

(P 000)	2 <sup>nd</sup> Quarter-2016	Percentage (%)	2 <sup>nd</sup> Quarter-2015	Percentage (%)
Interest Income	₱ 9,380	52.4%	₱ 9,087	65.2%
Lease Rental Income	3,402	19.0%	3,095	22.2%
Dividend Income	986	5.5%	1,075	7.7%
Unrealized Gain on Trading Securities	2,753	15.4%	-	-
Gain on Disposal of AFS/HTM Investments	795	4.4%	-	-
Realized Gain on FVPL	-	-	605	4.3%
Realized FX Gain	573	3.2%		
Other Income	-	-	79	0.6%
<b>Total Income</b>	<b>₱ 17,889</b>	<b>100%</b>	<b>₱ 13,941</b>	<b>100%</b>

Total revenue increased by 28.3% in the second quarter of 2016 to ₱17.9 million compared to ₱13.9 million in the second quarter of 2015. This was due mainly to unrealized gain on trading securities and gain on disposal of AFS/HTM investments and higher rental and interest income.

**Change in Net Income.** The income statement in the second quarter of 2016 and 2015 are shown in Annex “C” and summarized below:

(P 000)	2 <sup>nd</sup> Quarter-2016	Percentage (%)	2 <sup>nd</sup> Quarter-2015	Percentage (%)
Revenues	₱ 17,889	100%	₱ 13,941	100%
Expenses	7,062	39.5%	9,496	68.1%
Net Income	10,827	60.5%	4,445	31.9%
Attributable to:				
- Minority Interest	541	3.0%	222	1.6%
- Stockholders of Company	₱ 10,286	57.5%	₱ 4,222	30.3%

The company realized a net income of ₱10.3 million attributable to stockholders of the company in the second quarter of 2016, compared to a net income of ₱4.2 million attributable to stockholders of the company in the second quarter of 2015 due to the factors discussed in the preceding pages.

**Earnings per Share.** The income per share attributable to shareholders of the Company during the second quarter of 2016 was ₱0.027 per share compared to earnings per share of ₱0.01096 in the second quarter of 2015.

**Current Ratio.** Current ratio as of June 30, 2016 was 93.5 X compared to 70.2 X as of December 31, 2015. Increase in cash and cash equivalents and decrease in current liability accounted for the improvement in the current ratio.

**Book Value Per Share.** Book value per share as of June 30, 2016 was ₱4.64 per share compared to ₱4.60 per share as of December 31, 2015 due mainly to the net income attributable to stockholders of the company realized in the first half of 2016.

**PART II**  
**OTHER INFORMATION**

**1. Regular Board Meeting of the Corporation held on March 18, 2016**

The Board approved and adopted the following resolutions:

**1. Audited Financial Statements**

“**RESOLVED**, that the President, Mr. Robert Y. Cokeng, be as he is hereby authorized to approve the audited Financial Statements for year ending 2015 and to approve its release by the Company’s External Auditor, SGV & Co., pursuant to the reportorial requirements of the BIR and the SEC.”

Pursuant to the aforesaid authority, the Corporation’s President, Mr. Robert Y. Cokeng approved the Audited Financial Statements on 8 April 2016, and authorized its release by the Company’s External Auditor SGV & Co.

**2. Annual Stockholders' Meeting**

"**RESOLVED**, that the President, Mr. Robert Y. Cokeng, be, as he is hereby authorized to set the date of the Annual Stockholders' Meeting for the year 2016".

On May 12, 2016, pursuant to the delegated authority given by the Board of Directors of the Corporation, for the President to set the date of the 2016 Annual Stockholders Meeting, the **Annual Stockholders Meeting of the Corporation will be held on 28 July 2016 (Thursday)** at 2:30 p.m. at the Function Room 7, Top of the Citi, 34<sup>th</sup> Floor, Citibank Tower, 8741 Paseo de Roxas, Makati, City;

## SIGNATURES

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

Issuer ..... *F & J Prince Holdings Corporation* .....

Principal Executive Officer



Signature and Title ..... **ROBERT Y. COKENG, President** .....

Date ..... **19 August 2016** .....

Principal Financial/Accounting Officer/Controller



Signature and Title ..... **MARK RYAN K. COKENG, Treasurer** .....

Date ..... **19 August 2016** .....

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEET**  
**AS OF JUNE 30, 2016 AND DECEMBER 31, 2015**

ANNEX "A"  
Page 1

ASSETS	UNAUDITED JUNE 30, 2016	AUDITED DEC. 31, 2015
<i>Current Assets</i>		
Cash and cash equivalents	P 984,219,203	P 965,633,140
Financial assets at fair value through profit or loss	74,744,646	62,352,318
Convertible note receivable	0	0
Receivables-net :		
Advances to Officers & Employees	0	0
Interest Receivable	6,928,791	7,568,959
Dividends Receivable	0	21,098,923
Receivable from related parties	2,494,651	2,414,872
Others	1,916,037	1,673,849
Total Receivables	11,329,479	32,756,603
Allowance for impairment losses	845,378	845,378
<b>Total Receivables-Net</b>	<b>10,484,101</b>	<b>31,911,225</b>
Current portion of HTM investments	0	0
Current portion of AFS financial assets	4,902,099	4,902,099
<b>Prepaid expenses &amp; other current assets:</b>		
Input Tax	14,987,720	14,870,972
Prepaid Income Tax	918,536	400,000
Others	9,545,067	11,826,736
<b>Total Prepaid expenses and other current assets</b>	<b>25,451,323</b>	<b>27,097,708</b>
<b>Total Current Assets</b>	<b>P 1,099,801,372</b>	<b>P 1,091,896,490</b>
<i>Non-current Assets</i>		
Receivables from related parties-net	0	0
Investments in associates	202,417,747	202,417,747
HTM investments-net of current portion	0	0
Available-for-sale (AFS) investments-net of current portion	409,744,009	401,236,077
Investment in property	130,306,250	132,430,015
<b>Property and Equipment</b>		
Building	25,697,907	20,755,943
Building Improvements	8,692,633	8,692,633
Transportation equipment	8,395,222	8,395,222
Furniture and fixtures	3,612,409	2,843,660
Total	46,398,171	40,687,458
Less: Accumulated depreciation	29,515,796	28,659,481
Net Book Value	16,882,375	12,027,977
<b>Total Property and Equipment</b>	<b>16,882,375</b>	<b>12,027,977</b>
Other non-current assets	26,624,771	32,426,972
<b>Total Non-Current Assets</b>	<b>785,975,152</b>	<b>780,538,788</b>
<b>TOTAL ASSETS</b>	<b>P 1,885,776,524</b>	<b>P 1,872,435,278</b>

LIABILITIES & STOCKHOLDERS' EQUITY	UNAUDITED JUNE 30, 2016	AUDITED DEC. 31, 2015
<b>Current Liabilities</b>		
Accounts Payable and accrued expenses		
Accounts payable-trade	0	0
Accounts payable-others	805,441	805,441
Withholding taxes payable	231,286	430,241
SSS Premium Payable	15,521	17,901
HDMF Premium Payable	2,096	2,396
Philhealth Premium Payable	6,625	6,550
Deposit Payable	1,602,324	1,584,805
Output Vat Payable	136,081	121,809
Accrued expenses	277,092	986,258
<b>Total Accounts payable and accrued expenses</b>	<b>P 3,076,466</b>	<b>P 3,955,401</b>
Dividends Payable	3,418,416	3,418,416
Income Tax Payable	263,727	3,191,511
Provision for legal obligation	5,000,000	5,000,000
<b>Total Current Liabilities</b>	<b>P 11,758,609</b>	<b>P 15,565,328</b>
<b>Non-Current Liabilities</b>		
Deferred income tax liabilities-net	6,296,804	6,296,804
Payable to related parties	0	0
Retirement benefit obligation)	10,918,293	10,918,293
<b>Total Non-Current Liabilities</b>	<b>17,215,097</b>	<b>17,215,097</b>
<b>Stockholders' Equity</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	19,400,882	19,321,108
Actuarial loss on retirement benefit obligation	(2,412,162)	(2,412,162)
Accumulated share in other comprehensive income of associates	(15,961,151)	(15,961,151)
Retained earnings	1,255,322,290	1,238,994,327
<b>Total Equity Attributable to Stockholders of the Company</b>	<b>1,783,268,012</b>	<b>1,766,860,275</b>
Minority Interest	73,534,806	72,794,578
<b>Total Stockholders' Equity</b>	<b>1,856,802,818</b>	<b>1,839,654,853</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>P 1,885,776,524</b>	<b>P 1,872,435,278</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 SIX MONTHS PERIOD ENDING JUNE 30, 2016 AND JUNE 30, 2015**

	UNAUDITED JUNE 30, 2016	UNAUDITED JUNE 30, 2015
<b>REVENUES</b>		
<b>Interest Income</b>		
From Banks	P 6,683,886	P 4,754,515
From Securities	11,046,888	11,411,857
<b>Total Interest Income</b>	<b>17,730,774</b>	<b>16,166,372</b>
Unrealized gains on trading securities	3,039,656	2,845,053
Rental Income	6,787,647	6,450,691
Gains on disposal /redemption of AFS/HTM investments	794,720	2,051,753
Dividend Income	1,017,146	1,088,557
Realized forex gain	794,642	0
Realized gain on sale of FVPL	0	605,420
Other income	85,811	78,911
	<b>P 30,250,396</b>	<b>P 29,286,757</b>
<b>EXPENSES</b>		
Net foreign exchange loss	0	1,211,335
Amortization of unrealized losses on changes in fair value of AFS investments	0	0
Salaries, wages and employees' benefits	5,358,859	4,971,827
Depreciation	2,980,080	3,101,587
Professional fees	909,550	1,240,093
Condominium dues	792,253	989,015
Repairs and maintenance	159,194	7,700
Taxes and licenses	1,252,049	507,393
Entertainment, amusement and recreation	219,825	242,376
Unrealized loss on financial assets at FVPL	196,286	3,440,832
Others	1,314,109	720,913
	<b>13,182,205</b>	<b>16,433,071</b>
<b>NET INCOME</b>	<b>P 17,068,191</b>	<b>P 12,853,686</b>
<b>NET INCOME ATTRIBUTABLE TO:</b>		
<b>STOCKHOLDERS OF THE COMPANY</b>	<b>P 16,327,963</b>	<b>P 11,682,836</b>
<b>MINORITY INTERESTS</b>	<b>740,228</b>	<b>1,170,850</b>
<b>EARNINGS PER SHARE</b>	<b>P 0.0420</b>	<b>P 0.03032</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 SIX MONTHS PERIOD ENDING JUNE 30, 2016 AND JUNE 30, 2015

	UNAUDITED JUNE 30, 2016		UNAUDITED JUNE 30, 2015	
<b>NET INCOME</b>	P	17,068,191	P	12,853,686
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Changes in fair value of AFS investments		79,774		(474,849)
Amortization of unrealized losses on changes in fair value of AFS investments		-		-
Disposal of AFS investment				
Impairment loss on AFS investments				
Others				
		79,774		(474,849)
<b>TOTAL COMPREHENSIVE INCOME(LOSS)</b>	P	17,147,965	P	12,378,837
<b>TOTAL COMPREHENSIVE INCOME(LOSS)</b>				
<b>ATTRIBUTABLE TO:</b>				
STOCKHOLDERS OF THE COMPANY	P	16,290,567	P	11,759,895
MINORITY INTERESTS		857,398		618,942
	P	17,147,965	P	12,378,837

See accompanying Notes to Consolidated Financial Statements

Prepared by:



ARSENIO T. LIAO  
Accountant

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS PERIOD APRIL 1-JUNE 30, 2016 AND APRIL 1-JUNE 30, 2015**

	UNAUDITED APRIL 1- JUNE 30, 2016	UNAUDITED APRIL 1- JUNE 30, 2015
<b>REVENUES</b>		
<b>Interest Income</b>		
From Banks	P 3,658,452	P 3,258,726
From Securities	5,721,549	5,828,312
<b>Total Interest Income</b>	9,380,001	9,087,038
Unrealized gains on trading securities	2,752,702	0
Rental Income	3,402,034	3,094,980
Gains on disposal /redemption of AFS/HTM investments	794,720	0
Dividend Income	986,122	1,074,919
Realized forex gain	573,127	
Realized gain on sale of FVPL	0	605,420
Other income	0	78,911
	P 17,888,706	P 13,941,268
<b>EXPENSES</b>		
Net foreign exchange loss	0	209,540
Amortization of unrealized losses on changes in fair value of AFS investments	0	0
Salaries, wages and employees' benefits	2,712,824	2,504,460
Depreciation	1,490,040	1,522,158
Professional fees	538,367	707,271
Condominium dues	391,387	499,160
Repairs and maintenance	0	7,700
Taxes and licenses	708,603	78,991
Entertainment, amusement and recreation	113,506	165,817
Unrealized loss on financial assets at FVPL	99,259	3,440,832
Others	1,009,527	360,156
	7,061,513	9,496,085
<b>NET INCOME</b>	P 10,827,193	P 4,445,183
<b>NET INCOME ATTRIBUTABLE TO:</b>		
<b>STOCKHOLDERS OF THE COMPANY</b>	P 10,285,833	P 4,222,924
<b>MINORITY INTERESTS</b>	541,360	222,259
<b>EARNINGS PER SHARE</b>	P 0.0270	P 0.01096

*See accompanying Notes to Consolidated Financial Statements*

Prepared by:



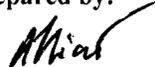
**ARSENIO T. LIAO**  
Accountant

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS PERIOD APRIL 1-JUNE 30,2016 AND APRIL 1-JUNE 30,2015**

	UNAUDITED APRIL 1- JUNE 30,2016	UNAUDITED APRIL 1-JUNE 30,2015
<b>NET INCOME</b>	P 10,827,193	P 4,445,183
<b>OTHER COMPREHENSIVE INCOME(LOSS)</b>		
Changes in fair value of AFS investments	(383,020)	2,094,312
Amortization of unrealized losses on changes in fair value of AFS investments	-	-
Disposal of AFS investment		
Impairment loss on AFS investments		
Others		
	(383,020)	2,094,312
<b>TOTAL COMPREHENSIVE INCOME(LOSS)</b>	<b>P 10,444,173</b>	<b>P 6,539,495</b>
<b>TOTAL COMPREHENSIVE INCOME(LOSS)</b>		
<b>ATTRIBUTABLE TO:</b>		
<b>STOCKHOLDERS OF THE COMPANY</b>	<b>P 9,921,964</b>	<b>P 6,212,520</b>
<b>MINORITY INTERESTS</b>	<b>522,209</b>	<b>326,975</b>
	<b>P 10,444,173</b>	<b>P 6,539,495</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 SIX MONTHS ENDED JUNE 30, 2016 AND JUNE 30, 2015  
AND THE YEAR ENDED DECEMBER 31, 2015**

	UNAUDITED JUNE 30, 2016	UNAUDITED JUNE 30, 2015	AUDITED DEC. 31, 2015
<b>CAPITAL STOCK</b>			
Balance at beginning of year	481,827,653 P	481,827,653 P	481,827,653
Exercise of stock warrants			
Issuance of additional shares of stock			
Subscription of additional shares of stock			
<b>Balance at end of period</b>	<b>481,827,653</b>	<b>481,827,653</b>	<b>481,827,653</b>
<b>ADDITIONAL PAID-IN CAPITAL</b>			
Treasury Shares	(99,669,477)	(98,942,697)	(99,669,477)
Other Reserves	19,400,882	12,115,163	19,321,108
Actuarial loss on retirement benefit obligation	(2,412,162)	(2,376,318)	(2,412,162)
Share in other comprehensive income of associates	(15,961,151)	(26,709,841)	(15,961,151)
<b>SHARE IN REVALUATION INCREMENT ON LAND OWNED BY MCHC's SUBSIDIARIES</b>			
<b>RETAINED EARNINGS</b>			
Balance at beginning of period	1,238,994,327	1,177,526,941	1,177,526,941
Net Income	16,327,963	11,682,836	138,463,644
Dividends declared		(38,741,614)	(76,996,258)
<b>Balance at end of period</b>	<b>1,255,322,290</b>	<b>1,189,209,777</b>	<b>1,238,994,327</b>
Minority Interests	1,783,268,012	1,699,883,714	1,766,860,275
	73,534,806	70,559,423	72,794,578
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,856,802,818 P</b>	<b>1,770,443,137 P</b>	<b>1,839,654,853</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 SIX MONTHS ENDED JUNE 30, 2016 AND JUNE 30, 2015  
AND THE YEAR ENDED DECEMBER 31, 2015**

	UNAUDITED JUNE 30, 2016	UNAUDITED JUNE 30, 2015	AUDITED DEC. 31, 2015
<b>CAPITAL STOCK</b>			
Balance at beginning of year	481,827,653 P	481,827,653 P	481,827,653
Exercise of stock warrants			
Issuance of additional shares of stock			
Subscription of additional shares of stock			
<b>Balance at end of period</b>	<b>481,827,653</b>	<b>481,827,653</b>	<b>481,827,653</b>
<b>ADDITIONAL PAID-IN CAPITAL</b>			
Treasury Shares	(99,669,477)	(98,942,697)	(99,669,477)
Other Reserves	19,400,882	12,115,163	19,321,108
Actuarial loss on retirement benefit obligation	(2,412,162)	(2,376,318)	(2,412,162)
Share in other comprehensive income of associates	(15,961,151)	(26,709,841)	(15,961,151)
<b>SHARE IN REVALUATION INCREMENT ON LAND OWNED BY MCHC's SUBSIDIARIES</b>			
<b>RETAINED EARNINGS</b>			
Balance at beginning of period	1,238,994,327	1,177,526,941	1,177,526,941
Net Income	16,327,963	11,682,836	138,463,644
Dividends declared		(38,741,614)	(76,996,258)
<b>Balance at end of period</b>	<b>1,255,322,290</b>	<b>1,189,209,777</b>	<b>1,238,994,327</b>
Minority Interests	1,783,268,012	1,699,883,714	1,766,860,275
	73,534,806	70,559,423	72,794,578
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,856,802,818 P</b>	<b>1,770,443,137 P</b>	<b>1,839,654,853</b>

See accompanying Notes to Consolidated Financial Statements

Prepared by:

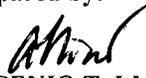
  
**ARSENIO T. LIAO**  
Accountant

**F & J PRINCE HOLDINGS CORPORATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDING JUNE 30, 2016 AND JUNE 30, 2015**

	UNAUDITED JUNE 30, 2016	UNAUDITED JUNE 30, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	P 16,327,963	P 11,682,836
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority Interest	740,228	1,170,850
Depreciation and amortization	2,980,080	3,101,587
Amortization of unrealized loss/gain on FV of AFS inv.	79,774	(474,849)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	21,427,124	51,024,632
Prepaid expenses and other current assets	1,646,385	(22,788)
Increase (decrease) in accounts payable and accrued expenses	(878,935)	(2,641,231)
<i>Net cash provided by operating activities</i>	<u>42,322,619</u>	<u>63,841,037</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions/disposals of property and equipment	(5,710,713)	(5,107)
AFS/HTM investments and financial assets (FVPL)	(20,900,260)	(29,556,440)
Decrease (increase) in:		
Receivable from related parties	0	(1,300)
Other assets	5,802,201	0
<i>Net cash provided by (used in) investing activities</i>	<u>(20,808,772)</u>	<u>(29,562,847)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in:		
Dividends payable	0	(1,260)
Payable to related parties	0	0
Income tax payable	(2,927,784)	(2,153,252)
<i>Net cash provided by (used in) financing activities</i>	<u>(2,927,784)</u>	<u>(2,154,512)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>P 18,586,063</b>	<b>P 32,123,678</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>965,633,140</b>	<b>946,841,757</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>P 984,219,203</b>	<b>P 978,965,435</b>

See accompanying Notes to Consolidated Financial Statements

Prepared by:

  
**ARSENIO T. LIAO**  
Accountant

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE 3 MONTHS PERIOD APRIL 1-JUNE 30, 2016 AND APRIL 1-JUNE 30, 2015**

	<b>UNAUDITED APRIL 1- JUNE 30, 2016</b>	<b>UNAUDITED APRIL 1- JUNE 30, 2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	P 10,285,833	P 4,222,924
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net earnings in associate		
Minority interest	541,360	222,259
Depreciation and amortization	1,490,040	1,522,158
Unrealized loss/gain on changes in fair value of AFS/FVPL	(383,020)	2,094,312
Amortization of unrealized loss/gain on FV of AFS inv.	-	
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	21,768,568	55,090,232
Prepaid expenses and other current assets	2,187,787	(63,938)
Increase (decrease) in:		
Accounts payable and accrued expenses	(698,838)	2,376,887
<b>Net cash provided by operating activities</b>	<b>35,191,730</b>	<b>65,464,834</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions/disposals of property and equipment	0	(5,107)
Investment in property	0	
AFS/HTM/other investments and financial assets (FVPL)	(14,936,809)	(32,737,776)
Decrease (increase) in:		
Receivables from related parties	0	(100)
Other assets	(25,000)	0
<b>Net cash provided by (used in) investing activities</b>	<b>(14,961,809)</b>	<b>(32,742,983)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in:		
Cash dividends declared and paid	0	0
Deposit liability	0	0
Dividends payable	0	(1,260)
Income tax payable	(2,927,784)	(2,153,252)
<b>Net cash provided by (used in) financing activities</b>	<b>(2,927,784)</b>	<b>(2,154,512)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>P 17,302,137</b>	<b>P 30,567,339</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>966,917,066</b>	<b>948,398,096</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>P 984,219,203</b>	<b>P 978,965,435</b>

F& J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2016 AND DECEMBER 31, 2015  
WITH VERTICAL AND HORIZONTAL PERCENTAGE ANALYSIS

"ANNEX G"

Page 1

	UNAUDITED3 JUNE 30, 2016	VERTICAL PERCENTAGE ANALYSIS JUNE 30, 2016	AUDITED DEC. 31, 2015	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2015	INCREASE (DECREASE) AMOUNT JUNE30, 2016	INCREASE (DECREASE) PERCENTAGE ANALYSIS JUNE 30, 2016
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	984,219,203	52.19%	965,633,140	51.57%	18,856,063	1.92%
Financial assets at fair value through fair value thru profit or loss (FVPL)	74,744,646	3.96%	62,352,318	3.33%	12,392,328	19.87%
Short-term investments	-	-	-	-	--	-
<b>Receivables :</b>						
Advances to Officers & Employees	0	0.00%	0	0.00%	0	0.00%
Interest Receivable	6,928,791	0.37%	7,568,959	0.40%	(640,168)	-8.50%
Dividends Receivable	0	0.00%	21,098,923	1.13%	(21,098,923)	-0.00%
Receivable from related parties	2,494,651	0.13%	2,414,872	0.13%	79,779	3.30%
Others	1,906,037	0.10%	1,673,849	0.09%	232,188	13.87%
<b>Total Receivables</b>	<b>11,329,479</b>	<b>0.60%</b>	<b>32,756,603</b>	<b>1.75%</b>	<b>(21,427,124)</b>	<b>-65.41%</b>
Allowance for impairment losses	845,378	-0.04%	845,378	-0.05%	0	0.00%
<b>Total Receivables-Net</b>	<b>10,484,101</b>	<b>0.56%</b>	<b>31,911,225</b>	<b>1.70%</b>	<b>(21,427,124)</b>	<b>-67.15%</b>
Current portion of HTM investments	0	0.00%	0	0.00%	0	0.00%
Current portion of AFS investments	4,902,099	0.26%	4,902,099	0.26%	0	0.00%
<b>Prepaid expenses &amp; other current assets:</b>						
Others	9,545,067	0.51%	1,773,451	0.80%	(2,281,669)	-19.29%
Input Tax	14,987,720	0.79%	14,470,203	0.63%	116,748	0.79%
Prepaid Income Tax	918,536	0.05%	400,000	0.02%	518,536	129.63%
<b>Total Prepaid expenses &amp; other current assets</b>	<b>25,451,323</b>	<b>1.35%</b>	<b>27,097,708</b>	<b>1.45%</b>	<b>(1,646,385)</b>	<b>-6.08%</b>
<b>Total Current Assets</b>	<b>1,099,801,372</b>	<b>58.32%</b>	<b>1,091,896,490</b>	<b>58.31%</b>	<b>7,904,882</b>	<b>0.72%</b>
<b>Non-current Assets</b>						
Receivables from related parties	0	0.00%	0	0.00%	0	0.00%
Investments in associates	202,417,747	10.73%	202,417,747	10.81%	0	0.00%
HTM investments-net of current portion	0	0	0	0.00%	0	0.00%
Available -for-sale (AFS) investments	409,744,009	21.74%	401,236,077	21.44%	8,507,932	2.12%
Investment in properties	130,306,250	6.91%	132,430,015	7.07%	(2,123,765)	-1.60%
<b>Property and Equipment</b>						
Building	25,697,907	1.36%	20,755,943	1.11%	4,941,964	23.81%
Building Improvements	8,692,633	0.46%	8,692,633	0.46%	0	0.00%
Transportation equipment	8,395,222	0.45%	8,395,222	0.45%	0	0.00%
Furniture and fixtures	3,612,409	0.19%	2,843,660	0.15%	768,749	27.03%
<b>Total Property and Equipment</b>	<b>49,398,171</b>	<b>2.46%</b>	<b>40,687,458</b>	<b>2.17%</b>	<b>5,710,713</b>	<b>14.04%</b>
Less: accumulated depreciation	29,515,796	-1.57%	26,859,481	-1.53%	856,315	2.99%
<b>Net Book Value</b>	<b>16,882,375</b>	<b>0.89%</b>	<b>12,027,977</b>	<b>0.64%</b>	<b>4,854,398</b>	<b>40.36%</b>
<b>Total Property and Equipment</b>	<b>16,882,375</b>	<b>0.89%</b>	<b>12,027,977</b>	<b>0.64%</b>	<b>4,854,398</b>	<b>40.36%</b>
Deferred income tax assets-net	0	0.00%	0	0.00%	0	0.00%
Other Assets - net	26,624,771	1.41%	32,426,972	1.73%	(5,802,201)	-17.89%
<b>Total Non-Current Assets</b>	<b>785,975,152</b>	<b>41.68%</b>	<b>780,538,788</b>	<b>41.69%</b>	<b>5,436,364</b>	<b>0.70%</b>
<b>TOTAL ASSETS</b>	<b>1,885,776,524</b>	<b>100.00%</b>	<b>1,872,435,278</b>	<b>100.00%</b>	<b>13,341,246</b>	<b>0.71%</b>

	UNAUDITED JUNE 30, 2016	VERTICAL PERCENTAGE ANALYSIS JUNE 30, 2016	AUDITED DEC. 31, 2015	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2015	INCREASE (DECREASE) AMOUNT JUNE 30, 2016	INCREASE (DECREASE) PERCENTAGE ANALYSIS JUNE 30, 2016
<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	805,441	0.04%	805,441	0.04%	0	0.00%
Withholding taxes payable	231,286	0.01%	430,241	0.02%	(198,955)	-46.24%
SSS Premium Payable	15,521	0.00%	17,901	0.00%	(2,380)	-13.30%
HDMF Premium Payable	2,096	0.00%	2,396	0.00%	(300)	-12.52%
Philhealth Premium Payable	6,625	0.00%	6,550	0.00%	75	1.15%
Deposit Payable	1,602,324	0.08%	1,584,805	0.09%	17,519	1.11%
Output Vat Payable	136,081	0.01%	121,809	0.01%	14,272	11.72%
Accrued expenses	277,092	0.02%	986,258	0.05%	(709,166)	-71.90%
<b>Total Accounts payable &amp; accrued expenses</b>	<b>3,076,466</b>	<b>0.16%</b>	<b>3,955,401</b>	<b>0.21%</b>	<b>(878,935)</b>	<b>-22.22%</b>
Dividends Payable	3,418,416	0.18%	3,418,416	0.18%	0	0.00%
Income Tax Payable	263,727	0.01%	3,191,511	0.17%	(2,927,784)	-91.74%
Provision for legal obligation	5,000,000	0.27%	5,000,000	0.27%	0	0.00%
<b>Total Current Liabilities</b>	<b>11,758,609</b>	<b>0.62%</b>	<b>15,565,328</b>	<b>0.83%</b>	<b>(3,806,719)</b>	<b>-24.46%</b>
<b>Non-Current Liabilities</b>						
Deferred tax liabilities-net	6,296,804	0.33%	6,296,804	0.34%	0	0.00%
Payable to related parties	0	0.00%	0	0.00%	0	0.00%
Retirement benefit obligation	10,918,293	0.59%	10,918,293	0.58%	0	0.00%
<b>Total Non-Current Liabilities</b>	<b>17,215,097</b>	<b>0.92%</b>	<b>17,215,097</b>	<b>0.92%</b>	<b>0</b>	<b>0.00%</b>
<b>Stockholders' Equity</b>						
Capital stock	481,827,653	25.55%	481,827,653	25.73%	0	0.00%
Additional paid in capital	144,759,977	7.68%	144,759,977	7.73%	0	0.00%
Other reserves	19,400,882	1.03%	19,321,108	1.03%	79,774	0.41%
Actuarial loss on retirement obligation	(2,412,162)	-0.13%	(2,412,162)	-0.13%	0	0.00%
Accumulated share in OCI of associates	(15,961,151)	-0.85%	(15,961,151)	-0.85%	0	0.00%
Treasury shares	(99,669,477)	-5.29%	(99,669,477)	-5.32%	0	0.00%
Retained earnings	1,255,322,290	66.57%	1,238,994,327	66.17%	16,327,963	1.32%
<b>Total Equity Attributable to Stockholders of the Company</b>	<b>1,783,268,012</b>	<b>94.56%</b>	<b>1,766,860,275</b>	<b>94.36%</b>	<b>16,407,737</b>	<b>0.93%</b>
Minority Interest	73,534,806	3.90%	72,794,578	3.89%	740,228	1.02%
<b>Total Stockholders' Equity</b>	<b>1,856,802,818</b>	<b>98.46%</b>	<b>1,839,654,853</b>	<b>98.25%</b>	<b>17,147,965</b>	<b>0.93%</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>1,885,776,524</b>	<b>100.00%</b>	<b>1,872,435,278</b>	<b>100.00%</b>	<b>13,341,246</b>	<b>0.71%</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 June 30, 2016 and December 31, 2015 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 June 30, 2016 and for the year ended December 31, 2015.

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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, 2015, 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 re-measured 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 be 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 classified between those items that will or will not be subsequently reclassified to profit or loss.

These amendments do not have any impact to the Group.

- *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

	<b>June, 2016</b>	December, 2015
Cash on hand	<b>₱9,000</b>	<b>₱9,000</b>
Cash with banks	<b>76,703,791</b>	<b>164,386,383</b>
Short-term placements	<b>907,506,412</b>	<b>801,237,757</b>
	<b>₱984,219,203</b>	<b>₱965,633,140</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 ₱17.7 million and ₱ 15.1 million in June, 2016 and December, 2015, respectively.

## 5. Financial Assets at FVPL

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

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

	June , 2016	December, 2015
Cost:		
Balances at beginning of year	<b>₱62,352,318</b>	₱41,181,502
Additions		4,623,460
Disposals		(1,590,000)
Balances at end of year	<b>₱62,352,318</b>	44,214,962
Changes in fair value:		
Balances at beginning of year	<b>18,137,356</b>	24,423,427
Fair value losses/gains	<b>(5,745,028)</b>	(5,996,071)
Disposals		(290,000)
Balances at end of year	<b>12,392,328</b>	18,137,356
	<b>₱74,744,646</b>	₱62,352,318

## 6. Receivables

	June, 2016	December, 2015
Accrued interest	<b>₱6,928,791</b>	₱7,568,959
Rent receivable	<b>522,111</b>	641,268
Receivable from PDIC	<b>500,000</b>	500,000
Others	<b>883,926</b>	532,581
	<b>8,834,828</b>	9,242,808
Less allowance for impairment losses	<b>845,378</b>	845,378
	<b>₱7,989,450</b>	₱8,397,430

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

## 7. Investments in Associates

	June, 2016	December, 2015
Costs:		
Acquisition costs	<b>₱186,260,135</b>	₱186,260,135
Conversion of deposit for stock subscription	<b>7,500,000</b>	7,500,000
	<b>193,760,135</b>	193,760,135

Accumulated equity in net earnings and OCI:		
Balances at beginning of year	(39,018,887)	(39,018,887)
Share in net income from associates	105,413,232	105,413,232
Share in OCI from associates	10,748,690	10,748,690
Dividends declared by associates	(68,485,423)	(68,485,423)
Balances at end of year	8,657,612	8,657,612
Deposit for stock subscription:		
Balances at beginning of year	1,875,000	1,875,000
Deposit	5,625,000	5,625,000
Conversion of deposit for stock subscription	(7,500,000)	(7,500,000)
	<b>₱202,417,747</b>	<b>₱202,417,747</b>

The Group has equity interest and additional deposits for stock subscription to the following associates as of June 30, 2016:

	Country of Incorporation	Percentage of Ownership		Carrying Amount of Investments	
				June, 2016	December, 2015
PTC	Philippines	30	30	₱147,495,526	₱147,495,526
BPO	Philippines	35	35	54,922,221	54,922,221
MUDC	Philippines	43	43	-	-
				<b>₱202,417,747</b>	<b>₱202,417,747</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 ₱58 million and ₱45 million in 2015 and 2014, respectively. As of June 30, 2016 and December 31, 2015, the outstanding dividend receivable amounted to nil and ₱10.6 million, respectively.

#### *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.

### *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.

The Group's share in the dividends declared amounted to ₱10.5 million and ₱10.5 million in 2015 and 2014, respectively. As of June 30, 2016 and December 31, 2015, the Group has an outstanding receivable amounting to nil and ₱10.5 million.

### *MUDC*

The Group has a 43% interest in MUDC. As of June 30, 2016, MUDC has been nonoperational since its incorporation. However, it has obtained the necessary requirements for the signing of a supply agreement with a public utility firm and a purchase agreement with certain oil companies. As of December 31, 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 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 ₱94.9 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 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

	<b>June, 2016</b>	December, 2015
Debt securities	<b>₱246,312,795</b>	₱246,312,795
Equity securities - at fair value, net of allowance for impairment loss of ₱3.1 million and ₱1.0 million as of March 31, 2016 and 2015 respectively	<b>73,193,228</b>	64,685,296
Equity securities - at cost	<b>95,140,085</b>	95,140,085
	<b>₱414,646,108</b>	₱406,138,176
Less: current portion	<b>4,902,099</b>	4,902,099
	<b>₱409,744,009</b>	₱401,236,077

Movements in AFS financial assets are as follows:

	<b>June, 2016</b>	December, 2015
Balance at the beginning of the year	<b>₱406,138,176</b>	₱372,422,144
Additions		84,646,959
Disposals		(65,979,989)
Changes in fair market value:		
Profit or loss	<b>8,507,932</b>	8,213,435
Other comprehensive income		8,963,303
Provision for impairment loss		(2,127,676)
<b>Balances at end of year</b>	<b>₱414,646,108</b>	<b>₱406,138,176</b>

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% in June 30, 2016 and December 31, 2015, 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 June 30, 2016 and December 31, 2015.

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

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

	<b>June, 2016</b>	December, 2015
Balances at beginning of year	<b>₱22,079,028</b>	₱13,115,725
Changes in fair value of AFS financial assets, net tax effect of _____	<b>(2,880,352)</b>	8,458,517
Impairment loss on AFS financial assets recognized in profit or loss	<b>2,127,676</b>	2,127,676
Disposals of AFS financial assets	<b>(1,925,470)</b>	(1,622,890)
Reclassification of HTM investments to AFS investments	-	-
Amortization of net unrealized valuation gains on AFS financial assets reclassified to HTM investments	-	-
<b>Balances at end of year</b>	<b>₱19,400,882</b>	<b>₱22,079,028</b>

Details of the allowance for impairment losses are as follows:

	<b>June, 2016</b>	December, 2015
Balances at beginning of year	<b>₱1,000,000</b>	₱1,000,000
Provision	<b>2,127,676</b>	2,127,676
<b>Balances at end of year</b>	<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 ₱ 11 million and ₱ 24.1 million in June, 2016 and December, 2015 respectively, presented as “Interest income” in profit or loss.

Dividend income earned on equity securities classified as AFS financial assets amounted to ₱1.01 million and ₱0.7 million in June , 2016 and December, 2015, 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 re-measured at fair value. The fair value gain from re-measurement amounting to ₱4.5 million was recognized in OCI.

## 10. Property and Equipment

### June, 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	4,941,964	-	-	768,749	5,710,713
Balances at end of year	₱25,697,907	8,692,633	8,395,222	3,612,409	46,398,171
<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	415,118	71,336	330,488	39,373	856,315
Balances at end of year	13,076,558	8,237,334	5,436,139	2,765,765	29,515,796
Net book values	₱12,621,349	₱455,299	₱2,959,083	₱846,644	₱16,882,375

### December, 2015

	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	₱2,831,072	₱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
<b>Accumulated depreciation:</b>					
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

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

## 11. Investment Properties

### June, 2016

	Land	Condominium	Total
<b>Costs:</b>			
Balances at beginning and end of year	₱46,319,625	₱106,188,952	₱152,508,577
<b>Accumulated depreciation:</b>			
Balances at beginning of year	-	20,078,562	20,078,562
Depreciation for the quarter	-	2,123,765	2,123,765
Balances at end of year/quarter	-	22,202,327	22,202,327
Net book values	₱46,319,625	₱83,986,625	₱130,306,250

## December, 2015

	Land	Condominium	Total
Costs:			
Balances at beginning of year	₱46,319,625	₱106,188,952	₱152,508,577
Additions			
Balances at end of year			
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

## 12. Other Noncurrent Assets

	June, 2016	December, 2015
Deposit on contracts	₱25,840,641	₱31,642,840
Deposits	784,130	784,132
Fixed income deposit	-	-
	₱26,624,771	₱32,426,972

## 13. Accounts Payable and Accrued Expenses

	June, 2016	December, 2015
Customer deposits	₱1,602,324	₱1,584,805
Accounts payable	1,001,891	1,001,888
Accrued professional fees	60,908	766,152
Government payables	411,343	602,556
	₱3,076,466	₱3,955,401

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

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

## 14. Income Taxes

The Group's provision for income tax in 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 transfer tax on disposal of 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

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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:

	<b>June , 2016</b>	December, 2015
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

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 485 stockholders as of June 30, 2016 and December 31, 2015 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 June 30, 2016 and December 31, 2015, the Group's treasury shares are as follows:

	Shares		Amount	
	June, 2016	December, 2015	June, 2016	December, 2015
Balance at beginning of year	<b>97,634,827</b>	97,411,827	<b>₱99,669,477</b>	₱98,942,697
Additions		223,000		726,780
Balance at end of year	<b>97,634,827</b>	97,634,827	<b>₱99,669,477</b>	₱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 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.

Dividends payable amounted to ₱3.4 million as of June 30, 2016 and December 31,2015, respectively.

## 16. Related Party Transactions

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

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

		Transactions during the year	Outstanding balance	Terms	Conditions
BPO- Rental income	<b>June , 2016</b>	<b>686,302</b>	<b>137,907</b>	30 days, non-	Unsecured; no
	December,2015	1,212,831	18,338	interest bearing	impairment
Payroll services	<b>June, 2016</b>	<b>27,420</b>	-	30 days, non-	Unsecured; no
	December,2015	-	-	interest bearing	impairment
Dividends	<b>June, 2016</b>	<b>10,510,423</b>	-	30 days, non-	Unsecured; no
	December,2015	10,510,423	10,510,423	interest bearing	impairment
PTC-Dividends	<b>June, 2016</b>	<b>10,588,500</b>	-	30 days, non-	Unsecured; no
	December,2015	59,975,000	10,588,500	interest bearing	impairment
MUDC-Advances	<b>June, 2016</b>	<b>60,400</b>	<b>2,061,069</b>	30 days, non-	Unsecured; no
	December,2015	1,400	2,111,891	interest bearing	impairment
Under common control:					
Other related parties					
Advances	<b>June, 2016</b>	<b>22,129</b>	<b>295,675</b>	30 days, non-	Unsecured; no
	December,2015	2,834	284,643	interest bearing	impairment
			<b>2,494,651</b>		
			23,513,795		

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

	<b>June, 2016</b>	December, 2015
Receivables from related parties - at gross	<b>₱188,742,889</b>	₱209,762,033
Less: Allowance for impairment loss:		
Balances at beginning of year	<b>186,248,238</b>	186,637,885
Write-off	-	(389,647)
Balances at end of year	<b>186,248,238</b>	186,248,238
	<b>₱2,494,651</b>	₱23,513,795

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:

	June, 2016	December, 2015
Net income attributable to equity holders of the parent	<b>₱16,327,963</b>	₱138,463,644
Weighted average number of ordinary shares outstanding for basic and diluted EPS	<b>384,346,076</b>	384,346,076
Basic and diluted earnings per share	<b>₱0.042</b>	₱0.36

The Group has no potential dilutive instruments issued as of June 30, 2016 and December 31, 2015.

## 18. Segment Information

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

## 19. Commitments and Contingencies

- a. The Group leases a portion of its condominium spaces. The Group recognized rental income amounting to ₱6.8 million and ₱12.8 million in June 30, 2016 and December, 2015, respectively. As of June 30, 2016 and December 31, 2015, outstanding rent receivable amounted to ₱.05 million and ₱.06 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 ₱1.6 million as of June 30, 2016 and December 31, 2015, respectively, will be returned to the lessees after the lease term.
- b. As of June 30, 2016 and December 31, 2015, the Group has a provision for legal obligation amounting to ₱5.0 million, for claims arising from lawsuit filed by a third party, which is awaiting decision by the courts. Probable cost has been estimated in consultation with the Group's legal counsel. Management and its legal counsels believe that the Company has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions, if any, will not have material adverse impact on the Company's financial position and results of operations.

## 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:

	June, 2016		December, 2015	
	Carrying Amount	Fair Values	Carrying Amount	Fair Values
Financial Assets				
Current:				
Financial assets at FVPL	<b>₱74,744,646</b>	<b>₱74,744,646</b>	₱62,352,318	₱62,352,318
AFS financial assets	<b>4,902,099</b>	<b>4,902,099</b>	4,902,099	4,902,099
Noncurrent:				
AFS financial assets	<b>314,603,924</b>	<b>314,603,924</b>	306,095,992	306,095,992
	<b>₱394,250,669</b>	<b>₱394,250,669</b>	₱373,350,409	₱373,350,409

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 June 30, 2016 and December 31, 2015, there were no transfers between Level 1 and Level 2 fair value measurements. Also, there were no transfers into and out of Level 3 fair value measurements.

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY  
AGING OF ACCOUNTS RECEIVABLE  
AS OF JUNE 30, 2016**

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.	19,419	7,089				5,779	20,729	26,508
Magellan Capital Corporation	309,650	800					310,450	310,450
Magellan Capital Trading Corporation	20,419	7,089				5,779	21,729	27,508
Magellan Utilities Development Corp.	21,569						21,569	21,569
Business Process Outsourcing International	10,528,761	778,826	11,169,680		137,907			137,907
Pinamucan Power Corporation	2,676	500					3,176	3,176
Pointwest Technologies Corporation	10,588,500	6,480	10,594,980				0	0
Philippine Deposit Insurance Corporation	500,000						500,000	500,000
Others	224,708	7,451				6,951	225,208	232,159
	22,215,702	808,235	21,764,660		137,907	18,509	1,102,861	1,259,277