



108162018003053



SECURITIES AND EXCHANGE COMMISSION

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Company Information

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

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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 June 2018**
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 2018 and Audited Consolidated Balance Sheet as of 31 December 2017 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 2018 and the six (6) month period ending 30 June 2017 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, 2018 and for the three (3) month period from April 01 – June 30, 2017 as Annex "C";
- (4) Unaudited Consolidated Interim Statement of Changes in Stockholders' Equity for the six (6) month periods ending 30 June 2018 and 30 June 2017 and Audited Consolidated Statement of Changes in Stockholders' Equity for the year ending 31 December 2017 as Annex "D";
- (5) Unaudited Consolidated Interim Cash Flow Statement for the six (6) month period ending 30 June 2018 and the six (6) month period ending 30 June 2017 as Annex "E";
- (6) Interim Consolidated Cash Flow Statement for the three (3) month periods ending 30 June 2018 and 30 June 2017 as Annex "F"; and
- (7) Consolidated Balance Sheet as of 30 June 2018 and December 31, 2017 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 2017 decreased to P130.8 million from P177.3 million in 2016. Equity in net earnings of associates decreased from P72.9 million in 2016 to P40.9 million in 2017 as Pointwest experienced lower earnings as operating margins dropped at some major accounts. Interest income slightly decreased from P40.1 million in 2016 to P37.4 million in 2017 as interest levels have stabilized. A net foreign exchange gain of P7.9 million was recorded in 2017 as the Peso continued to decline against foreign currencies which benefitted the foreign exchange denominated bonds and other securities held by the Registrant and its subsidiary. Rent increased from P14.0 million in 2016 to P20.8 million in 2017 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 P3.8 million was recorded in 2017 against P5.4 million in 2016. Dividend income increased from P1.9 million in 2016 to P2.4 million in 2017.

Total consolidated expenses of the Registrant increased to P40.0 million in 2017 compared to P33.2 million in 2016 due to higher depreciation allowance from the increased property investment and due to higher taxes and licenses related to the acquisition of additional investment property.

As a result of the above, total consolidated income before tax in 2017 totaled P90.8 million compared to P144.1 million in 2016. After provision for income tax, total consolidated net income after tax totaled P79.4 million in 2017 compared to P136.5 million in 2016.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totaled P1.7 million in 2017 compared to P2.6 million in 2016.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2017, the Registrant's consolidated cash and cash equivalent totaled over P753.6 million which was lower than the level of P954.6 million as of December 31, 2016 due to additional investment in properties and additional investment in financial assets. The Registrant

and its subsidiary is planning to undertake development of MCHC's land in Fort Bonifacio into an office building as well as to acquire income producing properties as well as additional land for development. The Registrant and its subsidiary are substantially debt free with total consolidated liabilities of P56.4 million at year-end 2017 compared to P35.1 million at year-end 2016. Total equity amounted to P2.0 billion as of the end of 2017 compared to P1.9 billion at year-end 2016.

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 2017 totaled P753.6 million compared to P954.6 million at the end of 2016 while total current assets totalled P986.4 million at year-end 2017 compared to P1.2 billion at year-end 2016. 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 2018

- (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 2018 or in prior periods.
- (iv) There are no material commitments for capital expenditures, by the Company or its majority owned subsidiary and equity in net earnings of association.

- (v) There are no trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable impact on net revenues/income from continuing operations except for possible unrealized or realized foreign exchange gains from the dollar denominated investments of the Company and its majority owned subsidiary and unrealized gains on trading securities and equity in net earnings of associates. These are generally recognized in the year-end Audited Financial Statements except for realized foreign exchange gain which are reported in the period realized.
- (vi) The Company did not realize any non-operating income in the second quarter of 2018 or in the second quarter of 2017 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 2018 and second quarter of 2017.

Operating Results

Breakdown of Revenue for the Three Month Periods Ending June 30, 2018 and June 30, 2017 with Vertical and Horizontal Percentage Analysis is shown below:

(P000)	Second Quarter 2018	Vertical Percentage Analysis	Second Quarter 2017	Vertical Percentage Analysis	Increase (Decrease) Amount	Increase (Decrease) Percentage
INTEREST INCOME						
From Banks	P 2,505	14.1%	P 3,176	2.6%	(671)	(21.1%)
From Securities	4,807	27.1%	6,177	5.0%	(1,370)	(22.2%)
TOTAL	P 7,312	41.2%	P 9,353	7.6%	(2,041)	(21.84%)
UNREALIZED GAIN ON TRADING SECURITIES	1,857	10.5%	101,221	81.7%	(99,364)	(98.2%)
REALIZED GAIN ON REDEMPTION OF AFS/HTM INVESTMENTS	1,038	5.8%	3,116	2.5%	(2,078)	(66.7%)
DIVIDEND INCOME	1,411	7.9%	937	0.8%	474	50.5%
RENT INCOME	5,105	28.8%	5,790	4.7%	(685)	(11.8%)
GAINS ON SALE OF FVPL	-	-	1,991	1.6%	(1,991)	(100%)
REALIZED FX GAIN	1,032	5.8%	1,297	1.0%	(265)	(20.4%)
OTHER INCOME	-	-	122	0.1%	(122)	(100%)
TOTAL	P 17,755	100%	P 123,830	100%	(106,075)	(85.7%)

Revenues. Consolidated revenues, during the 3 month period ended June 30, 2018 decreased by 85.7% to ₱17.8 million compared to ₱ 123.8 million during the same 3 month period in 2017. The lower revenue was due mainly to unrealized gain from trading securities which totaled ₱101.2 million in the second quarter of 2017 compared to ₱1.9 million in the second quarter of 2018 as a result of the listing in the Taipei Exchange of Aslan Pharmaceutical, a biotech company in which the Registrant and its indirect subsidiary, Pinamucan Industrial Estates, Inc. had invested in during the last three years. Realized gain on redemption of AFS/HTM investments of ₱1.0 million in the second quarter of 2018 versus ₱3.1 million in the second quarter of 2018 also contributed to the lower revenue. Rental income also decreased by 11.8% from ₱5.8 million in the second quarter of 2017 to ₱5.2 million in the second quarter of 2018.

Expenses. Consolidated expenses in the second quarter of 2018 totaled ₱11.9 million compared to ₱9.3 million in the second quarter of 2017. As shown in Annex C, the increase was accounted for by higher depreciation due to purchase of additional investment property, foreign exchange loss, realized loss on disposal/redemption on bonds and unrealized loss on financial assets at FVPL.

Operating Income. Due to the factors discussed above, consolidated operating income in the second quarter of 2018 totaled ₱5.9 million compared to ₱114.5 million in the second quarter of 2017.

Net Income. Net income totaled ₱5.9 million during the second quarter of 2018 compared to ₱114.5 million in the second quarter of 2017. Net income in the second quarter of 2018 attributable to shareholders of the company totaled ₱5.6 million while ₱0.3 million was attributable to minority shareholders in the company's 94% owned subsidiary Magellan Capital Holdings Corporation (MCHC). In the second quarter of 2017, ₱108.8 million in net income was attributable to stockholders of the company while ₱5.7 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, 2018 compared to December 31, 2017.

Assets

Current Assets. Consolidated current assets as of June 30, 2018 totaled ₱880.2 million compared to ₱986.4 million as of December 31, 2017. Most of the decrease was due to the lower cash and cash equivalents which decreased from ₱753.6 million as of December 31, 2017 to ₱605.9 million as of June 30, 2018 due to the purchase of additional investment property. This was partly offset by rise in 2018 financial assets at FVPL. In addition, receivables also dropped from ₱20.7 million at December 31, 2017 to ₱15.6 million at June 30, 2018 due to partial collection of dividend receivables.

Receivables from Related Parties. This account stayed at nil at the end of June 30, 2018 the same level as at the end of 2017 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 2017 and at June 30, 2018 at ₱320.2 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 decreased from ₱480.6 million at year-end 2017 to ₱450.6 million at June 30, 2018 due to maturity and redemption of bond investment held by the Registrant and its subsidiaries.

Property and Equipment. This account totaled ₱10.1 million as of June 30, 2018 compared to ₱11.0 million as of December 31, 2017 due to additional depreciation allowance taken in the first half of 2018.

Investment in Property. This Account totaled ₱404.1 million at June 30, 2018 compared to ₱228.9 million at year end 2017 due to additional investment in income producing property by the Registrant's subsidiary , MCHC.

Other Non-Current Assets. This account totaled ₱1.5 million as of June 30, 2018, lower than the ₱38.6 million as of December 31, 2017 due to completion of the purchase of investment property which resulted in deposits for purchase property being moved to the investment property account.

Total Assets. As a result of the foregoing, total assets increased to P2,066.6 million as of June 30, 2018 from P2,065.7 million as of December 31, 2017.

Liabilities and Equity

Current Liabilities. Current liabilities decreased to P20.9 million as of June 30, 2018 from P30.5 million as of December 31, 2017 due mainly to reduction in income tax payable which were paid in April 2018 and lower dividends payable.

Non-Current Liabilities. Non-current liabilities which consists mostly of retirement benefit obligation and deferred income tax liabilities was stable at P25.8 million as of June 30, 2018, the same level as at year-end 2017.

Stockholder's Equity. Total stockholder's equity increased to P2,019.9 million as of June 30, 2018 from P2,009.36 million at year-end 2017 due to the net income of P15.4 million generated in the first half of 2018. Total equity attributable to stockholders of the company totaled P1,945.2 million at June 30, 2018 from P1,935.3 million at December 31, 2017 due to the net income of P14.6 million attributable to stockholders of the company in the first half of 2018. Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was P74.8 million at June 30, 2018 compared to P73.9 million at year-end 2017.

(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 2018 and 2017 are shown in Annex “C” and presented below in summary form:

(P 000)	2 nd Quarter 2018	Percentage (%)	2 nd Quarter 2017	Percentage (%)
Interest Income	P 7,312	41.1%	P 9,353	7.6%
Lease Rental Income	5,105	18.8%	5,790	4.7%
Dividend Income	1,410	7.9%	937	0.8%
Unrealized Gain on Trading Securities	1,856	10.5%	101,221	81.7%
Gain on Disposal of AFS/ HTM Investments	1,038	5.8%	3,116	2.5%
Realized Gain on FVPL	-	-	1,991	1.6%
Realized FX Gain	1,032	5.8%	1,297	1.0%
Other Income	-	-	122	0.1%
Total Income	P 17,755	100.00%	P 123,830	100.00%

Total revenue decreased by 85% in the second quarter of 2018 to P17.8 million compared to P123.8 million in the second quarter of 2017. This was due mainly to unrealized gain on trading securities as a result of unrealized gain on stock investment in Aslan Pharmaceuticals by the Registrant and its subsidiary which were listed on the Taipei Exchange in June 2017.

Change in Net Income. The income statement in the second quarter of 2018 and 2017 are shown in Annex “C” and summarized below:

(P 000)	2 nd Quarter 2018	Percentage (%)	2 nd Quarter 2017	Percentage (%)
Revenues	P 17,755	100.0%	P 123,830	100.0%
Expenses	11,895	67.0%	9,292	7.5%
Net Income	5,860	33.0%	114,538	92.5%
Attributable to:				
- Minority Interest	293	1.65%	5,727	4.6%
- Stockholders of Company	P 5,567	31.35%	P 108,811	87.9%

The company realized a net income of P5.6 million attributable to stockholders of the company in the second quarter of 2018, compared to a net income of P108.8 million attributable to stockholders of the company in the second quarter of 2017 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 2018 was ₱0.0145 per share compared to earnings per share of ₱0.283 in the second quarter of 2017.

Current Ratio. Current ratio as of June 30, 2018 was 42.1 X compared to 32.3 X as of December 31, 2017. Decrease in current liability accounted for the improvement in the current ratio.

Book Value Per Share. Book value per share as of June 30, 2018 was ₱5.06 per share compared to ₱5.04 per share as of December 31, 2017 due mainly to the net income attributable to stockholders of the company realized in the first half of 2018.

PART II

OTHER INFORMATION

1. Regular Board Meeting of the Corporation held on May 28, 2018

The Board approved and adopted the following resolutions:

1. Audited Financial Statements

“**RESOLVED**, that the authority of the President, Mr. Robert Y. Cokeng, to approve the audited Financial Statements for year ending December 31, 2017 and to approve its release by the Company’s External Auditor, SGV & Co., pursuant to the reportorial requirements of the BIR and the SEC be as it is hereby confirmed and ratified.”

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 2018".

Pursuant to the delegated authority given by the Board of Directors of the Corporation, for the President to set the date of the 2018 Annual Stockholders Meeting, the **Annual Stockholders Meeting of the Corporation will be held on 26 July 2017 (Thursday)** at 2:30 p.m. at the Function Room 7, Top of the Citi, 34th 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.

F & J Prince Holdings Corporation

Issuer

Principal Executive Officer



ROBERT Y. COKENG, President

Signature and Title

Date **16 August 2018**

Principal Financial/Accounting Officer/Controller



MARK RYAN K. COKENG, Treasurer

Signature and Title

Date **16 August 2018**

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2018 AND DECEMBER 31, 2017

ANNEX "A"
Page 1

	UNAUDITED JUNE 30, 2018	AUDITED DEC. 31, 2017
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	P 605,924,561	P 753,565,434
Financial assets at fair value through profit or loss	211,094,394	152,717,699
Convertible note receivable	0	0
Receivables-net :		
Advances to Officers & Employees	0	0
Interest Receivable	4,987,428	6,656,595
Dividends Receivable	10,529,924	13,154,914
Receivable from related parties	328,071	305,755
Others	708,152	1,588,738
Total Receivables	16,553,575	21,706,002
Allowance for impairment losses	961,368	961,368
Total Receivables-Net	15,592,207	20,744,634
Current portion of HTM investments	0	0
Current portion of AFS financial assets	12,282,137	40,784,002
Prepaid expenses & other current assets:		
Input Tax	34,182,603	18,073,997
Prepaid Income Tax	0	0
Others	1,104,006	544,933
Total Prepaid expenses and other current assets	35,286,609	18,618,930
Total Current Assets	P 880,179,908	P 986,430,699
<i>Non-current Assets</i>		
Receivables from related parties-net	0	0
Investments in associates	320,213,481	320,213,481
HTM investments-net of current portion	0	0
Available-for-sale (AFS) investments-net of current portion	450,591,528	480,567,606
Investment in property	404,092,384	228,932,135
Property and Equipment		
Building	20,755,943	20,755,943
Building Improvements	9,022,991	9,022,991
Transportation equipment	10,263,079	10,263,079
Furniture and fixtures	2,863,302	2,863,302
Total	42,905,315	42,905,315
Less: Accumulated depreciation	32,835,920	31,948,197
Net Book Value	10,069,395	10,957,118
Total Property and Equipment	10,069,395	10,957,118
Other non-current assets	1,465,634	38,570,310
Total Non-Current Assets	1,186,432,422	1,079,240,650
TOTAL ASSETS	P 2,066,612,330	P 2,065,671,349

LIABILITIES & STOCKHOLDERS' EQUITY	UNAUDITED JUNE 30, 2018	AUDITED DEC. 31, 2017
<i>Current Liabilities</i>		
Accounts Payable and accrued expenses		
Accounts payable-trade	0	0
Accounts payable-others	4,138,815	3,138,353
Withholding taxes payable	224,429	462,056
SSS Premium Payable	14,547	14,792
HDMF Premium Payable	7,954	1,896
Philhealth Premium Payable	7,975	6,575
Deposit Payable	6,084,389	5,420,699
Output Vat Payable	796,132	637,394
Accrued expenses	518,628	1,321,832
Total Accounts payable and accrued expenses	P 11,792,869	P 11,003,597
Dividends Payable	4,073,710	6,636,554
Income Tax Payable	0	7,875,136
Provision for legal obligation	5,000,000	5,000,000
Total Current Liabilities	P 20,866,579	P 30,515,287
<i>Non-Current Liabilities</i>		
Deferred income tax liabilities-net	13,766,321	13,798,478
Payable to related parties	0	0
Retirement benefit obligation)	12,075,212	12,075,212
Total Non-Current Liabilities	25,841,533	25,873,690
<i>Stockholders' Equity</i>		
Capital stock	481,827,653	481,827,653
Additional paid in capital	144,759,977	144,759,977
Treasury shares	(100,946,956)	(100,946,956)
Other Reserves	58,322,439	63,066,458
Actuarial loss on retirement benefit obligation	(792,683)	(792,683)
Accumulated share in other comprehensive income of associates	50,375,587	50,375,587
Retained earnings	1,311,602,261	1,297,004,791
Total Equity Attributable to Stockholders of the Company	1,945,148,278	1,935,294,827
Minority Interest	74,755,940	73,987,545
Total Stockholders' Equity	2,019,904,218	2,009,282,372
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	P 2,066,612,330	P 2,065,671,349

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, 2018 AND JUNE 30, 2017

	UNAUDITED JUNE 30, 2018	UNAUDITED JUNE 30, 2017
REVENUES		
Interest Income		
From Banks	P 4,721,790	P 6,076,600
From Securities	10,186,078	11,312,135
Total Interest Income	14,907,868	17,388,735
Unrealized gains on trading securities	8,907,413	105,959,923
Rental Income	10,882,564	11,123,841
Gains on disposal /redemption of AFS/HTM investments	1,037,702	5,058,700
Dividend Income	1,608,458	1,000,173
Realized forex gain	1,466,802	1,390,365
Realized gain on sale of FVPL	0	2,477,677
Other income	0	542,398
	P 38,810,807	P 144,941,812
EXPENSES		
Net foreign exchange loss	717,978	300,770
Amortization of unrealized losses on changes in fair value of AFS investments	0	0
Salaries, wages and employees' benefits	5,629,866	5,162,312
Depreciation	5,218,046	3,537,219
Professional fees	1,805,479	1,735,585
Condominium dues	1,248,732	1,455,215
Realized loss on disposal/redemption of bonds	1,062,416	0
Taxes and licenses	4,651,648	4,523,180
Entertainment, amusement and recreation	214,902	67,832
Unrealized loss on financial assets at FVPL	923,802	0
Others	1,972,072	1,594,807
	23,444,941	18,376,920
NET INCOME	P 15,365,866	P 126,564,892
NET INCOME ATTRIBUTABLE TO:		
STOCKHOLDERS OF THE COMPANY	P 14,597,471	P 122,048,419
MINORITY INTERESTS	768,395	4,516,473
EARNINGS PER SHARE	P 0.038	P 0.320

See accompanying Notes to Consolidated Financial Statements

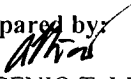
Prepared by:


ARSENIO T. LIAO
Accountant

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDING JUNE 30, 2018 AND JUNE 30, 2017**

	UNAUDITED JUNE 30, 2018	UNAUDITED JUNE 30, 2017
NET INCOME	P 15,365,866	P 126,564,892
OTHER COMPREHENSIVE INCOME(LOSS)		
Changes in fair value of AFS investments	(4,744,019)	(4,030,090)
Amortization of unrealized losses on changes in fair value of AFS investments	-	-
Disposal of AFS investment		
Impairment loss on AFS investments		
Others		
	(4,744,019)	(4,030,090)
TOTAL COMPREHENSIVE INCOME(LOSS)	P 10,621,847	P 122,534,802
TOTAL COMPREHENSIVE INCOME(LOSS) ATTRIBUTABLE TO:		
STOCKHOLDERS OF THE COMPANY	P 10,090,755	P 116,408,062
MINORITY INTERESTS	531,092	6,126,740
	P 10,621,847	P 122,534,802

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, 2018 AND APRIL 1-JUNE 30, 2017

	UNAUDITED APRIL 1- JUNE 30, 2018	UNAUDITED APRIL 1- JUNE 30, 2017
REVENUES		
Interest Income		
From Banks	P 2,505,110	P 3,176,607
From Securities	4,807,238	6,176,795
Total Interest Income	7,312,348	9,353,402
Unrealized gains on trading securities	1,856,663	101,221,282
Rental Income	5,104,869	5,789,937
Gains on disposal/redemption of AFS/HTM investments	1,037,702	3,116,783
Dividend Income	1,410,993	937,487
Realized forex gain	1,032,255	1,297,403
Realized gain on sale of FVPL	0	1,991,364
Other income	0	122,124
	P 17,754,830	P 123,829,782
EXPENSES		
Net foreign exchange loss	717,978	0
Amortization of unrealized losses on changes in fair value of AFS investments	0	0
Salaries, wages and employees' benefits	2,802,962	2,589,195
Depreciation	2,609,023	1,769,930
Professional fees	1,018,685	1,465,330
Condominium dues	460,680	723,244
Realized loss on disposal/redemption of bonds	929,184	0
Taxes and licenses	1,198,407	1,973,252
Entertainment, amusement and recreation	129,186	49,652
Unrealized loss on financial assets at FVPL	923,802	0
Others	1,105,390	720,846
	11,895,297	9,291,449
NET INCOME	P 5,859,533	P 114,538,333
NET INCOME ATTRIBUTABLE TO:		
STOCKHOLDERS OF THE COMPANY	P 5,566,557	P 108,811,416
MINORITY INTERESTS	292,976	5,726,917
EARNINGS PER SHARE	P 0.0145	P 0.283

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 30,2018 AND APRIL 1-JUNE 30,2017**

	UNAUDITED APRIL 1- JUNE 30,2018	UNAUDITED APRIL 1-JUNE 30,2017
NET INCOME	P 5,859,533	P 114,538,333
OTHER COMPREHENSIVE INCOME(LOSS)		
Changes in fair value of AFS investments	(4,022,030)	(2,433,704)
Amortization of unrealized losses on changes in fair value of AFS investments	-	-
Disposal of AFS investment		
Impairment loss on AFS investments		
Others		
	(4,022,030)	(2,433,704)
TOTAL COMPREHENSIVE INCOME(LOSS)	P 1,837,503	P 112,104,629
TOTAL COMPREHENSIVE INCOME(LOSS)		
ATTRIBUTABLE TO:		
STOCKHOLDERS OF THE COMPANY	P 1,745,628	P 106,499,398
MINORITY INTERESTS	91,875	5,605,231
	P 1,837,503	P 112,104,629

See accompanying Notes to Consolidated Financial Statements

Prepared by:

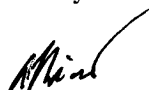

ARSENIO T. LIAO
Accountant

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND JUNE 30, 2017
AND THE YEAR ENDED DECEMBER 31, 2017**

	UNAUDITED	UNAUDITED	AUDITED
	JUNE 30, 2018	JUNE 30, 2017	DEC. 31, 2017
CAPITAL STOCK			
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			
Balance at end of period	481,827,653	481,827,653	481,827,653
ADDITIONAL PAID-IN CAPITAL			
Treasury Shares	(100,946,956)	(99,669,477)	(100,946,956)
Other Reserves	58,322,439	14,656,412	63,066,458
Actuarial loss on retirement benefit obligation	(792,683)	(1,152,586)	(792,683)
Share in other comprehensive income of associates	50,375,587	24,861,485	50,375,587
SHARE IN REVALUATION INCREMENT ON LAND OWNED BY MCHC's SUBSIDIARIES			
RETAINED EARNINGS			
Balance at beginning of period	1,297,004,791	1,296,094,095	1,296,094,095
Net Income	14,597,471	122,048,419	77,729,401
Dividends declared			(76,818,705)
Balance at end of period	1,311,602,262	1,418,142,514	1,297,004,791
Minority Interests	74,755,939	77,727,443	73,987,545
TOTAL STOCKHOLDERS' EQUITY	2,019,904,218^P	2,061,153,421^P	2,009,282,372

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, 2018 AND JUNE 30, 2017

	UNAUDITED JUNE 30, 2018	UNAUDITED JUNE 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	P 14,597,471	P 122,048,419
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority Interest	768,395	4,516,473
Depreciation and amortization	5,218,046	3,537,219
Amortization of unrealized loss/gain on FV of AFS inv.	(4,744,019)	(4,030,090)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	5,152,427	9,405,528
Prepaid expenses and other current assets	(16,667,679)	(4,040,233)
Increase (decrease) in accounts payable and accrued expenses	789,272	700,527
<i>Net cash provided by operating activities</i>	<u>5,113,913</u>	<u>132,137,843</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions/disposals of property and equipment	0	(75,481)
AFS/HTM investments and financial assets (FVPL)	101,248	(138,017,160)
Investment in property	(179,490,572)	(78,206,168)
Decrease (increase) in:		
Receivable from related parties	0	0
Other assets	37,104,675	(13,627,844)
<i>Net cash provided by (used in) investing activities</i>	<u>(142,284,649)</u>	<u>(229,926,653)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in:		
Dividends payable	(2,562,844)	(2,696,814)
Deferred charges	(32,157)	0
Income tax payable	(7,875,136)	(5,358,282)
<i>Net cash provided by (used in) financing activities</i>	<u>(10,470,137)</u>	<u>(8,055,096)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P (147,640,873)	P (105,843,906)
CASH AND CASH EQUIVALENTS, BEGINNING	753,565,434	954,570,050
CASH AND CASH EQUIVALENTS, ENDING	P 605,924,561	P 848,726,144

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, 2018 AND APRIL 1-JUNE 30, 2017

	UNAUDITED APRIL 1- JUNE 30,2018	UNAUDITED APRIL 1- JUNE 30,2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	P 5,566,557	P 108,811,416
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net earnings in associate		
Minority interest	292,976	5,726,917
Depreciation and amortization	2,609,023	1,769,930
Unrealized loss/gain on changes in fair value of AFS/FVPL	(4,022,030)	(2,433,704)
Amortization of unrealized loss/gain on FV of AFS inv.	-	-
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	3,298,601	10,359,641
Prepaid expenses and other current assets	129,112	(4,359,934)
Increase (decrease) in:		
Accounts payable and accrued expenses	831,175	575,001
Net cash provided by operating activities	8,705,414	120,449,267
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions/disposals of property and equipment	0	(64,589)
Investment in property	0	0
AFS/HTM/other investments and financial assets (FVPL)	9,470,267	(104,971,504)
Decrease (increase) in:		
Receivables from related parties	0	0
Other assets	0	(37,089,696)
Net cash provided by (used in) investing activities	9,470,267	(142,125,789)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in:		
Cash dividends declared and paid	0	0
Deferred charges	(32,157)	0
Dividends payable	0	(2,160,264)
Income tax payable	(7,962,979)	(5,478,282)
Net cash provided by (used in) financing activities	(7,995,136)	(7,638,546)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P 10,180,545	P (29,315,068)
CASH AND CASH EQUIVALENTS, BEGINNING	595,744,016	878,041,212
CASH AND CASH EQUIVALENTS, ENDING	P 605,924,561	P 848,726,144

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

"ANNEX G"

Page 1

	UNAUDITED3 JUNE 30, 2018	VERTICAL PERCENTAGE ANALYSIS JUNE 30, 2018	AUDITED DEC. 31,2017	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2017	INCREASE (DECREASE) AMOUNT JUNE30, 2018	INCREASE (DECREASE) PERCENTAGE ANALYSIS JUNE 30, 2018
ASSETS						
Current Assets						
Cash and cash equivalents	605,924,56	29.33%	753,565,434	36.48%	(147,640,873)	-19.59%
Financial assets at fair value through fair value thru profit or loss (FVPL)	211,094,394	10.22%	152,717,699	7.39%	58,376,695	38.23%
Short-term investments	-	-	-	-	--	-
Receivables :						
Advances to Officers & Employees	0	0.00%	0	0.00%	0	0.00%
Interest Receivable	4,987,428	0.24%	6,656,595	0.32%	(1,669,167)	-25.07%
Dividends Receivable	10,529,924	0.51%	13,154,914	0.64%	(2,624,990)	-19.95%
Receivable from related parties	328,071	0.02%	305,755	0.01%	22,316	7.30%
Others	708,152	0.03%	1,588,738	0.08%	(880,586)	-55.43%
Total Receivables	16,553,575	0.80%	21,706,002	1.05%	(5,152,427)	-23.74%
Allowance for impairment losses	961,368	-0.05%	961,368	-0.05%	0	0.00%
Total Receivables-Net	15,592,207	0.75%	20,744,634	1.00%	(5,152,427)	-24.84%
Current portion of HTM investments	0	0.00%	0	0.00%	0	0.00%
Current portion of AFS investments	12,282,137	0.59%	40,784,002	1.97%	(28,501,865)	-30.12%
Prepaid expenses & other current assets:						
Others	1,104,006	0.05%	544,933	0.03%	559,073	102.59%
Input Tax	34,182,603	1.65%	18,073,997	0.87%	16,108,606	89.13%
Prepaid Income Tax	0	0.00%	0	0.00%	0	0.00%
Total Prepaid expenses & other current assets	35,286,609	1.70%	18,618,930	0.90%	16,667,679	89.52%
Total Current Assets	880,179,908	42.59%	986,430,699	47.74%	(106,250,791)	-10.77%
Non-current Assets						
Receivables from related parties	0	0.00%	0	0.00%	0	0.00%
Investments in associates	320,213,481	15.50%	320,213,481	15.50%	0	0.00%
HTM investments-net of current portion	0	0	0	0.00%	0	0.00%
Available -for-sale (AFS) investments	450,591,528	21.80%	480,567,606	23.27%	(29,976,078)	-6.24%
Investment in properties	404,092,384	19.55%	228,932,135	11.08%	175,160,249	76.51%
Property and Equipment						
Building	20,755,943	1.00%	20,755,943	1.00%	0	0.00%
Building Improvements	9,022,991	0.44%	9,022,991	0.44%	0	0.00%
Transportation equipment	10,263,079	0.50%	10,263,079	0.50%	0	0.00%
Furniture and fixtures	2,863,302	0.14%	2,863,302	0.14%	0	0.00%
Total Property and Equipment	42,905,315	2.08%	42,905,315	2.08%	0	0.00%
Less: Accumulated depreciation	32,835,920	-1.59%	31,948,197	-1.55%	887,723	2.78%
Net Book Value	10,069,395	0.49%	10,957,118	0.53%	(887,723)	-8.10%
Total Property and Equipment	10,069,395	0.49%	10,957,118	0.53%	(887,723)	-8.10%
Deferred income tax assets-net	0	0.00%	0	0.00%	0	0.00%
Other Assets - net	1,465,634	0.07%	38,570,310	1.88%	(37,104,676)	-96.20%
Total Non-Current Assets	1,186,432,422	57.41%	1,079,240,650	52.26%	107,191,772	9.93%
TOTAL ASSETS	2,066,612,330	100.00%	2,065,671,349	100.00%	940,981	0.05%

	UNAUDITED JUNE 30, 2018	VERTICAL PERCENTAGE ANALYSIS JUNE 30, 2018	AUDITED DEC. 31, 2017	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2017	INCREASE (DECREASE) AMOUNT JUNE 30, 2018	INCREASE (DECREASE) PERCENTAGE ANALYSIS JUNE 30, 2018
LIABILITIES & STOCKHOLDERS' EQUITY						
Current Liabilities						
Accounts Payable and accrued expenses						
Accounts payable-trade	0	0.00%	0	0.00%	0	0.00%
Accounts payable-others	4,138,815	0.19%	3,138,353	0.15%	1,000,462	31.88%
Withholding taxes payable	224,429	0.01%	462,056	0.02%	(237,627)	-51.43%
SSS Premium Payable	14,547	0.00%	14,792	0.00%	(245)	-1.66%
HDMF Premium Payable	7,954	0.00%	1,896	0.00%	6,058	319.51%
Philhealth Premium Payable	7,975	0.00%	6,575	0.00%	1,400	21.29%
Deposit Payable	6,084,389	0.29%	5,420,699	0.27%	663,690	12.24%
Output Vat Payable	796,132	0.04%	637,394	0.03%	158,738	24.90%
Accrued expenses	518,628	0.03%	1,321,832	0.06%	(803,204)	-60.76%
Total Accounts payable & accrued expenses	11,792,869	0.56%	11,003,597	0.53%	789,272	7.17%
Dividends Payable	4,073,710	0.20%	6,636,554	0.33%	(2,562,844)	-38.62%
Income Tax Payable	0	0.00%	7,875,136	0.38%	(7,875,136)	-100.00%
Provision for legal obligation	5,000,000	0.25%	5,000,000	0.24%	0	0.00%
Total Current Liabilities	20,866,579	1.01%	30,515,287	1.48%	(9,648,708)	-31.62%
Non-Current Liabilities						
Deferred tax liabilities-net	13,766,321	0.67%	13,798,478	0.67%	(32,157)	-0.23%
Payable to related parties	0	0.00%	0	0.00%	0	0.00%
Retirement benefit obligation	12,075,212	0.59%	12,075,212	0.58%	0	0.00%
Total Non-Current Liabilities	25,841,533	1.26%	25,873,690	1.25%	(32,157)	-0.12%
Stockholders' Equity						
Capital stock	481,827,653	23.31%	481,827,653	23.33%	0	0.00%
Additional paid in capital	144,759,977	7.00%	144,759,977	7.01%	0	0.00%
Other reserves	58,322,439	2.82%	63,066,458	3.05%	(4,744,019)	-7.52%
Actuarial loss on retirement obligation	(792,683)	-0.04%	(792,683)	-0.04%	0	0.00%
Accumulated share in OCI of associates	50,375,587	2.44%	50,375,587	2.44%	0	0.00%
Treasury shares	(100,946,956)	-4.88%	(100,946,956)	-4.89%	0	0.00%
Retained earnings	1,311,602,261	63.47%	1,297,004,791	62.79%	14,597,470	1.13%
Total Equity Attributable to Stockholders of the Company	1,945,148,278	94.12%	1,935,294,827	93.69%	9,853,451	0.51%
Minority Interest	74,755,940	3.61%	73,987,545	3.58%	768,395	1.04%
Total Stockholders' Equity	2,019,904,218	97.73%	2,009,282,372	97.27%	10,621,846	0.53%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	2,066,612,330	100.00%	2,065,671,349	100.00%	940,981	0.05%

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

F & J Prince Holdings Corporation (the Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on February 18, 1971. Its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including, but not limited to, land, building, condominium units, shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities, contracts or obligations of any corporation and associations, domestic or foreign. The term for which the Parent Company is to exist is 50 years from and after the date of incorporation.

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, 8741 Paseo de Roxas, Makati City.

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

Basis of Preparation

The interim condensed consolidated financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss and certain available for sale 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 Group's functional currency, and rounded off to the nearest peso, except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2017.

Statement of Compliance

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

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of June 30, 2018 and December 31, 2017.

Details on the subsidiaries as of June 30, 2018 and December 31, 2017 are as follows:

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

*Intermediate parent company

**Non-operational since incorporation.

The principal place of business and country of incorporation of the subsidiaries are in the Philippines.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2017, except for the adoption of the new standards effective as of January 1, 2018. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance, unless otherwise indicated.

- *Amendments to PFRS 2, Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

Adoption of these amendments did not have significant impact on the Group's interim condensed consolidated financial statements.

- *PFRS 9, Financial Instruments*

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

The adoption of PFRS 9 has an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but has no significant impact on the classification and measurement of the Group's financial liabilities.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9 with PFRS 4*
The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

These amendments are not applicable to the Group since it has no activities that are predominantly connected with insurance or issue insurance contracts.

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

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the modified retrospective method.

The requirements of PFRS 15 have no significant impact on the Group's financial position, performance and disclosures.

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

Adoption of these amendments did not have any impact on the Group's interim condensed consolidated financial statements.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

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

The amendments do not have significant impact on the Group's interim condensed consolidated financial statements upon their adoption since the Group's current practice is in line with the clarifications issued.

- *Philippine Interpretation IFRIC 22, Foreign Currency Transactions and Advance Consideration*

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

Adoption of these amendments did not have significant impact on the Group's interim condensed consolidated financial statements.

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

4. Cash and Cash Equivalents

	June, 2018	December, 2017
Cash on hand and with banks	₱93,583,942	₱33,551,881
Short-term placements	512,340,619	720,013,553
	₱605,924,561	₱753,565,434

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 ₱4.7 million and ₱14.9 million in June, 2018, and December, 2017, respectively.

5. Financial Assets at FVPL

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

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

	June , 2018	December, 2017
Cost:		
Balances at beginning of year	₱108,758,965	₱54,186,953
Additions	50,393,085	63,978,749
Disposals		(9,406,737)
Balances at end of year	159,152,050	108,758,965
Changes in fair value:		
Balances at beginning of year	43,958,734	28,838,801
Fair value gains	7,983,610	17,421,323
Disposals		(2,301,390)
Balances at end of year	51,942,344	43,958,734
	₱211,094,394	₱152,717,699

6. Receivables

	June , 2018	December, 2017
Accrued interest	₱4,987,428	₱6,656,595
Rent receivable (see Note 21)	143,182	613,138
Others	564,970	975,600
	5,695,580	8,245,333
Less allowance for impairment losses	961,368	961,368
	₱4,734,212	₱7,283,965

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 , 2018	December, 2017
Acquisition costs	₱288,590,264	₱288,590,264
Accumulated equity in net earnings and OCI:		
Balances at beginning of year	101,388,416	101,388,416
Share in net income of associates	40,864,501	40,864,501
Share in OCI of associates	25,827,365	25,827,365
Dividends declared by associates	(41,313,673)	(41,313,673)
Cumulative translation adjustment	(313,263)	(313,263)
	126,453,346	126,453,346
Accumulated allowance for impairment loss	(94,830,129)	(94,830,129)
	₱320,213,481	₱320,213,481

The Group has equity interest in the following associates as of December 31:

	Country of Incorporation	Percentage of Ownership	Carrying Amount of Investments	
			June, 2018	December, 2017
PTC	Philippines	30%	₱264,622,380	₱264,622,380
BPO	Philippines	35%	55,591,101	55,591,101
MUDC	Philippines	43%	–	–
			₱320,213,481	₱320,213,481

PTC

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

Dividends

On February 14, 2017, PTC declared cash dividends amounting to \$2.1 million or \$0.0015 per share of the outstanding stocks as of record date January 31, 2017. Dividends shall be payable before June 30, 2017. Dividend income amounted to ₱30.8 million in 2017 which was collected in May, 2018.

The Group's share in the dividends declared amounted to nil and ₱30.8 million in June, 2018, and December, 2017, respectively.

BPO

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

Dividends

On December 12, 2017, BPO declared cash dividend amounting to ₱30.0 million or ₱107.00 per share of the outstanding stocks as of record date December 12, 2017. Dividends shall be payable on or before June 30, 2018. Dividend income which is outstanding as of December 31, 2017 amounted to ₱10.5 million. A total of ₱2.6 million has been collected with an outstanding balance of ₱10.5 as of June 30, 2018.

The Group's share in the dividends declared amounted to ₱10.5 million in June, 2018, and December, 2017, respectively.

MUDC

The Group has a 43% interest in MUDC. As of March 31, 2017, MUDC has been non-operational 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 June 30, 2018 and December 31, 2017, 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 June 30, 2018 and December 31, 2017, MUDC has incurred significant losses, which resulted in capital deficiency amounting to ₱257.2 million.

The Group has investment in MUDC amounting to ₱94.8 million as of June 30, 2018 and December 31, 2017 and advances to MUDC amounting to ₱127.6 million as of June 30, 2018 and December 31, 2017. The Group has assessed that its investment in MUDC amounting to ₱94.8 million as of June 30, 2018 and December 31, 2017 and its advances to MUDC amounting to ₱125.1 million as of June 30, 2018 and December 31, 2017 are impaired since management believes that it will no longer recover from such investment and advances. Management is not required to infuse more capital to MUDC and that losses are limited to the invested additional advances as of June 30, 2018.

8. AFS Financial Assets

	June , 2018	December, 2017
Quoted:		
Debt securities	₱260,707,148	₱319,606,666
Equity securities - at fair value, net of allowance for impairment loss of ₱3.1 million	134,108,392	155,414,557
Unquoted/quoted equity securities	68,058,125	46,330,385
	462,873,665	521,351,608
Less current portion	12,282,137	40,784,002
	₱450,591,528	₱480,567,606

Movements in AFS financial assets are as follows:

	June, 2018	December, 2017
Balances at beginning of year	₱521,351,608	₱401,874,992
Additions	367,600	214,648,554
Changes recognized in profit or loss		15,704,866
Movements in net unrealized valuation gains	(3,882,065)	47,922,567
Disposals	(54,963,478)	(158,799,371)
Balances at end of year	₱462,873,665	₱521,351,608

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 2.71% to 13.63% in June, 2018 and December, 2017. Maturity dates of the investments range from 2017 to 2024. Interests on investments are received and settled semi-annually in its denominated currency.

Investments in equity securities carried at fair value consist of perpetual bonds and investments in quoted shares of stock which the Group has neither control nor significant influence. The fair market values of these listed shares are determined by reference to published quotations in an active market as of June 30, 2018 and December 31, 2017.

Investments in equity securities consist of unquoted shares and investments in the shares of stock which the Group has neither control nor significant influence. These investments are unlisted shares of stocks that do not have market values and have no other reliable sources of their fair values. These shares of stocks are stated at cost and subjected to impairment testing annually.

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

	June, 2018	December, 2017
Balances at beginning of year	P71,224,828	P23,302,261
Changes in fair value of AFS financial assets	0	54,335,503
Disposals of AFS financial assets	(726,978)	(6,412,936)
Balances at end of year	P70,497,850	P71,224,828

Allowance for impairment losses on AFS financial assets in equity instruments amounted to P 3.1 million as of June 30, 2018 and December 31, 2017.

Net unrealized valuation gains on AFS financial assets attributable to equity holders of the Parent Company amounted to P58.3 million and P63.1 million as of June 30, 2018 and December 31, 2017, respectively.

Interest earned on debt securities classified as AFS financial assets amounted to P10.2 million and P22.0 million in June, 2018, and December, 2017 respectively, presented as "Interest income" in profit or loss.

Dividend income earned on equity securities classified as AFS financial assets amounted to P1.6 million in June, 2018 and P1.0 million in December, 2017.

The Group disposed certain AFS financial assets and recognized gains from disposal amounting to P1.0 million and P2.2 million in June 30, 2018, and December, 2017, respectively.

9. HTM Investments

On April 4, 2014, the Group sold HTM investments with a carrying value of P17.8 million resulting to a gain from disposal amounting to P0.2 million. Consequently, the remaining portfolio of HTM investments with a carrying amount of P213.9 million was reclassified to AFS financial assets and was remeasured at fair value. The fair value gain from remeasurement amounting to P4.5 million was recognized in OCI.

In 2017, all HTM investments of the Group were sold resulting to gain on disposal of HTM investments amounting to P0.2 million recognized in profit or loss.

Interest income on these HTM investments amounted to nil and P0.5 million in June, 2018, and December, 2017 respectively, presented as "Interest income" in profit or loss.

10. Property and Equipment

	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	June, 2018 Total
Cost:					
Balances at beginning of year	₱20,755,943	₱9,022,991	₱10,263,079	₱2,863,302	₱42,905,315
Additions					
Balances at end of year	₱20,755,943	₱9,022,991	₱10,263,079	₱2,863,302	₱42,905,315
Accumulated depreciation:					
Balances at beginning of year	14,321,915	8,316,732	6,489,859	2,819,691	31,948,197
Depreciation	415,116	35,278	423,878	13,451	887,723
Balances at end of year	14,737,031	8,352,010	6,913,737	2,833,142	32,835,920
Net book values	6,018,912	670,981	3,349,342	30,160	10,069,395

	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	December 2017 Total
Cost:					
Balances at beginning of year	₱20,755,943	₱8,764,062	₱8,395,222	₱2,843,660	₱40,758,887
Additions	–	258,929	1,867,857	19,642	2,146,428
Balances at end of year	20,755,943	9,022,991	10,263,079	2,863,302	42,905,315
Accumulated depreciation:					
Balances at beginning of year	13,491,678	8,246,185	5,766,624	2,786,862	30,291,349
Depreciation	830,237	70,547	723,235	32,829	1,656,848
Balances at end of year	14,321,915	8,316,732	6,489,859	2,819,691	31,948,197
Net book values	₱6,434,028	₱706,259	₱3,773,220	₱43,611	₱10,957,118

Cost of fully depreciated property and equipment that are still in use amounted to ₱15.3 million in June, 2018 and December, 2017.

11. Investment Properties

	Land	Condominium	June 2018 Total
Cost:			
Balances at beginning of year	₱46,319,625	₱215,815,621	₱262,135,246
Additions		179,490,575	179,490,575
Balances at end of year	₱46,319,625	₱395,306,196	₱441,625,821
Accumulated depreciation:			
Balances at beginning of year	–	33,203,111	33,203,111
Depreciation		4,330,326	4,330,326
Balances at end of year		37,533,437	37,533,437
Net book values	₱46,319,625	₱357,772,759	₱404,092,384

	Land	Condominium	December 2017 Total
Cost:			
Balances at beginning and end of year	₱46,319,625	₱136,763,800	₱183,083,425
Reclassifications (see Note 13)	–	79,051,821	79,051,821
Balances at end of year	46,319,625	215,815,621	262,135,246
Accumulated depreciation:			
Balances at beginning of year	–	24,535,513	24,535,513
Depreciation	–	8,667,598	8,667,598
Balances at end of year	–	33,203,111	33,203,111
Net book values	₱46,319,625	₱182,612,510	₱228,932,135

Condominium units are being leased to third parties and other related parties as office space. The investment properties generated revenue amounting to ₱10.8 million, and ₱20.8 million in June, 2018, and December, 2017 respectively.

The assessed fair value of the investment properties amounted to ₱512.2 million as of June 30, 2018 and December, 2017. The fair values of the investment properties are based on valuations performed by an accredited independent valuer. The valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The Group used the Sales Comparison Approach in determining the fair value of the investment properties. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The appraiser gathers data on actual sales and/or listings, offers, and renewal options, and identifies the similarities and differences in the data, ranks the data according to their relevance, adjusts the sales prices of the comparable to account for the dissimilarities with the unit being appraised, and forms a conclusion as to the most reasonable and probable market value of the subject property.

The elements of comparison include location, physical characteristics, available utilities, zoning, and highest and best use. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography and location.

The fair value is estimated under Level 3 inputs. The significant unobservable inputs to valuation of investment properties ranges from ₱70,000 - ₱380,000 per square meter.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Rent income arising from operating lease on investment properties amounted to ₱10.8 million and ₱20.8 million in June, 2018, and December, 2017, respectively. Direct operating expenses arising from investment properties that generated rent income include depreciation and condominium dues which amounted to ₱1.2 million and ₱11.0 million in June, 2018, and December, 2017 respectively.

12. Other Noncurrent Assets

	June, 2018	December, 2017
Deposit on contracts	₱722,054	₱37,811,750
Deposits	743,580	758,560
	₱1,465,634	₱38,570,310

As of June 30, 2018 and December, 2017, deposits on contracts pertain to down payments for the acquisition of condominium units available for turnover in 2018 and 2017, respectively.

13. Accounts Payable and Accrued Expenses

	June, 2018	December, 2017
Deposits payable	₱6,084,389	₱5,420,699
Accounts payable	4,138,815	3,122,197
Accrued professional fees	518,628	1,321,832
Government payables	1,051,037	1,138,869
	₱11,792,869	₱11,003,597

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

Accounts payable are generally noninterest-bearing payables to third party contractors with a credit term of 30 days.

14. Income Taxes

The Group's provision for current income tax in 2017, 2016, and 2015 are as follows:

	2017	2016	2015
RCIT	₱10,788,556	₱7,213,243	₱4,051,089
Final tax on interest income	2,609,051	2,987,702	2,766,639
MCIT	–	–	74,163
Stock transaction tax (STT) on disposal of financial assets at FVPL	–	–	12,427
	₱13,397,607	₱10,200,945	₱6,904,318

15. Equity

a. Common Stock

In accordance with SRC Rule 68, as Amended (2011), Annex 68-D, below is a summary of the Group's track record of registration of securities.

	Number of shares registered	Issue/offer price	Date of approval
Common shares	1,000,000,000	₱0.01	December 8, 1982
Common shares	9,000,000,000	₱0.01	July 28, 1997

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

	June, 2018	December 31, 2017
Common stock - ₱1 par value		
Class A		
Authorized - 600 million shares		
Issued - 292,610,118 shares	₱292,610,118	₱292,610,118
Class B		
Authorized - 400 million shares		
Issued - 189,217,535 shares	189,217,535	189,217,535
	₱481,827,653	₱481,827,653

Class A and B common stockholders enjoy the same rights and privileges, except that Class A shares may be owned by, transferred to and subscribed only by Filipino citizens or corporations, partnerships and associations organized under the laws of the Philippines, of which 60% of the common stock outstanding is owned by citizens of the Philippines. Class B shares may be issued, transferred or sold to any person, corporation, partnership or association regardless of nationality.

In 1979, the registrant listed with the PSE (or its predecessor, Manila Stock Exchange) its common stock under its previous name, Ultrana Energy and Resource Corporation, where it offered 1,000,000,000 shares to the public at the issue price of ₱0.01 per share.

On July 28, 1997, the SEC approved the increase in the Group's authorized capital stock from 10,000,000,000, divided into 6,000,000,000 Class A common shares with par value of ₱0.01 per share and 4,000,000,000 Class B common shares with par value of ₱0.01 per share to 1,000,000,000 common shares, divided into 600,000,000 Class A common shares with par value of ₱1 per share and 400,000,000 Class B common share with par value of ₱1 per share.

On November 26, 2000, the BOD approved the issuance, out of the authorized common stock, of 192,413,090 shares at ₱1 par value which will be offered through a pre-emptive stock rights issue and detachable stock warrants, as follows: (a) 96,206,545 shares consisting of 58,377,278 Class A shares and 37,829,267 Class B shares, to be offered in two tranches, the First Tranche consisting of 48,103,272 shares of stock and the Second Tranche consisting of 48,103,273 shares of stock, to which each stockholder may subscribe on a pre-emptive rights basis, and (b) the balance of 96,206,545 shares to be offered through detachable stock warrants, which shall entitle each stockholder to subscribe to one share of stock for every one share of stock of the same class that such stockholder subscribe to out of this stock rights issue.

The Group's application to list additional 192,413,090 common shares with a par value of ₱1 per share through pre-emptive rights issue and detachable subscription warrants was approved by the PSE on February 27, 2002 and by the SEC on April 5, 2002.

The exercise periods and expiration dates of the Group's subscription warrants are as follows:

	Number of Shares	Exercise Periods	Expiration Dates
First Tranche:			
Class A common shares	29,188,639	June 4, 2002 to	
Class B common shares	18,914,633	June 3, 2007	June 3, 2007

	Number of Shares	Exercise Periods	Expiration Dates
	48,103,272		
(Forward)			
Second Tranche:			
Class A common shares	29,188,639	May 9, 2003 to	
Class B common shares	18,914,634	May 8, 2008	May 8, 2008
	48,103,273		
	96,206,545		

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

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

The Parent Company has 474 stockholders as of June 30, 2018, and December 31, 2017, respectively.

b. Treasury Shares

The Group's treasury shares pertains to shares of the Parent Company acquired or held by its subsidiaries. For consolidation purposes, the costs of these shares are presented under the "Treasury shares" account in the equity section of the consolidated statements of financial position. In 2015, PIEI purchased additional shares of the Parent Company. The cost to acquire 223,000 of Class A shares amounted to ₱0.7 million.

In 2017, PIEI purchased 239,560 additional shares of the Parent Company with a total cost of ₱1.3 million. These are composed of 159,260 Class A shares and 80,300 Class B shares, costing ₱0.9 million and ₱0.4 million, respectively.

As of June 30, 2018 and December 31, 2017, the Group's treasury shares are as follows:

	Shares		Amount	
	June, 2018	December, 2017	June, 2018	December, 2017
Balance at beginning of year	97,634,827	97,634,827	₱99,669,477	₱99,669,477
Additions	239,560	239,560	1,277,479	1,277,479
Balance at end of year	97,874,387	97,874,387	₱100,946,956	₱100,946,956

c. Retained Earnings

Retained earnings is restricted to the extent of the acquisition price of the treasury shares amounting to ₱100.9 million as of June 30, 2018 and December 31, 2017, respectively. Retained earnings is also restricted to the extent of equity in net earnings of the associates not declared as dividends as of reporting date.

The balance of retained earnings includes the accumulated equity in net earnings of the subsidiaries and associates amounting to ₱918.7 million and ₱886.2 million as at June 30, 2018 and December 31, 2017, respectively. Such amounts are not available for distribution until such time that the Parent Company receives the dividends from the subsidiaries and associates.

Dividends payable amounted to ₱4.1 million and ₱6.6 million as of June 30, 2018 and December 31, 2017, 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 "Due from related parties" account, are as follows:

		Transactions during the year	Outstanding balances	Terms	Conditions
<i>Associates:</i>					
BPO					
Rent income	June, 2018	667,238	₱18,338	30 days;	Unsecured;
	December 2017	1,212,831	18,338	noninterest-bearing	Unimpaired
			-		
Payroll services expense	June, 2018	72,826		30 days;	Unsecured;
	December 2017	51,195		-noninterest-bearing	Unimpaired
Dividends (see Note 8)	June, 2018		10,529,924	30 days;	Unsecured;
	December 2017	10,499,923	13,154,914	noninterest-bearing	Unimpaired
PTC					
Dividends (see Note 8)	June, 2018			30 days;	Unsecured;
	December 2017	30,813,750		-noninterest-bearing	Unimpaired
MUDC					
Advances	June, 2018			30 days;	Unsecured;
	December 2017	53,600		-noninterest-bearing	Impaired
<i>Under common control:</i>					
Other related parties					
Advances	June, 2018	2,000	309,733	30 days;	Unsecured;
	December 2017	1,175	287,417	noninterest-bearing	Impaired
	June, 2018		₱10,857,995		
	December 2017		13,460,669		

The related party transactions are settled in cash.

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

	June, 2018	December, 2017
Due from related parties - at gross	P199,655,519	P202,258,193
Less Allowance for impairment loss:		
Balances at beginning of year	188,797,524	188,797,524
Provision		-
Balances at end of year	188,797,524	188,797,524
	P10,857,995	P13,460,669

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

17. Earnings per Share

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

	June, 2018	December, 2017
Net income attributable to equity holders of the parent	P14,597,471	P77,729,401
Weighted average number of ordinary shares outstanding for basic and diluted EPS	384,060,813	384,060,813
Basic and diluted earnings per share	P0.038	P0.20

The Group has no potential dilutive instruments issued as of June 30, 2018 and December 31, 2017.

18. Segment Information

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

19. Commitments and Contingencies

- a. The Group leases a portion of its condominium spaces. The Group recognized rental income amounting to P10.8 million, and P20.8 million in June, 2018, and December, 2017, respectively. Future minimum rental income of P13.5 million from existing rental agreements will be recognized in 2018 and 2019. 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 P6.1 million and P5.4 million as of June 30, 2018 and December 31, 2017, respectively, will be returned to the lessees after the lease term (see Note 12).
- b. As of June 30, 2018 and December 31, 2017, the Group recognized provision for legal obligation amounting to P5.0 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 Group'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, 2018		December, 2017	
	Carrying Amount	Fair Values	Carrying Amount	Fair Values
Financial Assets				
Current:				
Financial assets at FVPL	₱211,094,394	₱211,094,394	₱152,717,699	₱152,717,699
AFS financial assets	12,282,137	12,282,137	40,784,002	40,784,002
Noncurrent:				
AFS financial assets	450,591,528	450,591,528	480,567,606	480,567,606
	₱673,968,059	₱673,968,059	₱674,069,307	₱674,069,307

The Group has determined that the carrying amounts of cash and cash equivalents, receivables, due from related parties, 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, 2018 and December 31, 2017, 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.

21. Changes in Liabilities Arising from Financing Activities

The following shows the changes in the Group's liabilities arising from its financing activities for the three months period January 1 to June 30, 2018:

	As at December 31, 2017	Cash flows	Dividend declaration	As at June 30, 2018
Dividends payable (Note 15)	₱6,636,554			₱4,073,710

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
AGING OF ACCOUNTS RECEIVABLE
AS OF JUNE 30, 2018

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.	33,067	500					33,567	33,567
Magellan Capital Corporation	310,880	500					311,380	311,380
Magellan Capital Trading Corporation	34,067	500					34,567	34,567
Magellan Utilities Development Corp.	0							0
Business Process Outsourcing International	13,173,252	757,983	3,382,973				10,548,262	10,548,262
Pinamucan Power Corporation	4,221	500					4,721	4,721
Pointwest Technologies Corporation	0							0
Philippine Deposit Insurance Corporation	500,000		500,000					0
Others	200						200	200
	14,055,687	759,983	3,882,973				10,932,697	10,932,697