

COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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8	7	4	1		P	A	S	E	O		D	E		R	O	X	A	S		M	A	K	A	T	I

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

Atty. Fina C. Tantuico

Contact Person

8-8927133 · 8-8927137

Company Telephone Numbers

1 2	3 1
Month	Day
Fiscal Year	

0 4	1 2
Month	Day
Annual Meeting	

SEC FORM 17-Q (As of JUNE 30, 2020)

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

Form Type

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total Number of Stockholders

Total Amount of Borrowings			
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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 2020**
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) 8-892-7133**
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 2020 and Audited Consolidated Balance Sheet as of 31 December 2019 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 2020 and the six (6) month period ending 30 June 2019 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, 2020 and for the three (3) month period from April 01 – June 30, 2019 as Annex “C”;
- (4) Unaudited Consolidated Interim Statement of Changes in Stockholders’ Equity for the six (6) month periods ending 30 June 2020 and 30 June 2019 and Audited Consolidated Statement of Changes in Stockholders’ Equity for the year ending 31 December 2019 as Annex “D”;
- (5) Unaudited Consolidated Interim Cash Flow Statement for the six (6) month period ending 30 June 2020 and the six (6) month period ending 30 June 2019 as Annex “E”;
- (6) Interim Consolidated Cash Flow Statement for the three (3) month periods ending 30 June 2020 and 30 June 2019 as Annex “F”; and
- (7) Consolidated Balance Sheet as of 30 June 2020 and December 31, 2019 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 2019 increased to ₱80.4 million from ₱62.8 million in 2018. Equity in net earnings of associates improved to a gain of ₱5.3 million in 2019 from a loss of ₱14.2 million in 2018 as Pointwest successfully reduced its net losses by half in 2019 through its Retrenchment as it coped with the loss of a major account and revenue reduction from another major account. At the same time, Business Process Outsourcing International (BPOI), the Registrant's other associate showed improved earnings of ₱62.8 million in 2019 from ₱52.2 million in 2018. Interest income increased from ₱36.3 million in 2018 from ₱33.1 million in 2018 as interest levels have improved. A net foreign exchange loss of ₱22.9 million was recorded in 2019 versus a gain of ₱31.6 million in 2018 as the Peso improved against foreign currencies which penalized the foreign exchange denominated bonds and other securities held by the Registrant and its subsidiary. Rent increased from ₱23.2 million in 2018 to ₱25.1 million in 2019 due to escalation of rental rates. Gain on disposal of AFS, HTM and FVPL Financial Assets of ₱3.9 million was recorded in 2019 against a loss of ₱1.3 million in 2018. Dividend income increased from ₱3.7 million in 2018 to ₱4.9 million in 2019. Fair value gain on Financial Assets at FVPL was ₱27.7 million in 2019 compared to a loss of ₱14.2 million in 2018 as prices of listed securities improved.

Total consolidated expenses of the Registrant decreased to ₱36.7 million in 2019 compared to ₱41.8 million in 2018 due mainly to lower taxes and licenses which was higher in 2018 due to the acquisition of additional investment property.

As a result of the above, total consolidated income before tax in 2019 totaled ₱43.7 million compared to ₱21 million in 2018. After provision for income tax, total consolidated net income after tax totaled ₱33.7 million in 2019 compared to ₱13.1 million in 2018.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totaled ₱1.4 million in 2019 compared to ₱1.0 million in 2018.

Net income attributable to equity holders of the Registrant totaled ₱32.2 million in 2019 compared to ₱12.1 million in 2018.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2019, the Registrant's consolidated cash and cash equivalent totaled over P582.3 million which was higher than the level of P571.4 million as of December 31, 2018 due to additional income in 2019. The Registrant and its subsidiary are 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 debt free with total consolidated liabilities of P51.7 million at year-end 2019 compared to P39.8 million at year-end 2018. Total equity amounted to P1.9 billion as of the end of 2019 substantially the same level as at the end of 2018.

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 2019 totaled P582.3 million compared to P571.4 million at the end of 2018 while total current assets totaled P915.4 million at year-end 2019 compared to P841.4 billion at year-end 2018. 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 2020

- (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 second quarter of 2020 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 associates.

- (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 2020 or in the second quarter of 2019 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 2020 and second quarter of 2019.

Operating Results

Breakdown of Revenue for the Three Month Periods Ending June 30, 2020 and June 30, 2019 with Vertical and Horizontal Percentage Analysis is shown below:

(P000)	Second Quarter 2020	Vertical Percentage Analysis	Second Quarter 2019	Vertical Percentage Analysis	Increase (Decrease) Amount	Increase (Decrease) Percentage
INTEREST INCOME						
From Banks	P 1,988	5.5%	P 4,692	23.3%	(2,704)	(58%)
From Securities	3,123	8.7%	3,708	18.4%	(585)	(14%)
TOTAL	P 5,111	14.2%	P 8,400	41.7%	(3,289)	(39%)
UNREALIZED GAIN ON TRADING SECURITIES	22,221	62%	2,181	10.8%	20,040	919%
REALIZED GAIN ON REDEMPTION OF AFS/HTM INVESTMENTS	1,469	4.1%	1,135	-	334	29.4%
DIVIDEND INCOME	1,271	3.5%	1,450	7.2%	(179)	(12.3%)
RENT INCOME	5,472	15.3%	6,294	31.2%	(822)	(13.1%)
REALIZED FX GAIN	17	-	687	3.4%	(670)	(97%)
OTHER INCOME	282	0.8%	-	-	282	100%
TOTAL	P 35,842	100%	P 20,147	100%	15,695	77.9%

Revenues. Consolidated revenues, during the 3 month period ended June 30, 2020 increased by 77.9% to P35.8 million compared to P20.2 million during the same 3 month period in 2019 as shown in Annex “C”. The higher revenue was due mainly to higher unrealized gain on trading securities as listed stocks held by the Registrant and its subsidiaries regained a large part of the drop in prices in the first quarter of 2020 due to the fears brought about by the pandemic. These offset the lower interest income as interest rates dropped.

Expenses. Consolidated expenses in the second quarter of 2020 totaled P7.0 million compared to P10.7 million in the second quarter of 2019. As shown in Annex “C”, the decrease was accounted for by absence of foreign exchange loss as the Peso rate stabilized.

Operating Income. Due to the factors discussed above, consolidated operating income in the second quarter of 2020 totaled P28.8 million compared to P10.7 million in the second quarter of 2019.

Net Income. Net income totaled P28.8 million during the second quarter of 2020 compared to P10.7 million in the second quarter of 2019. Net income in the second quarter of 2020 attributable to shareholders of the company totaled P27.4 million while P1.4 million was attributable to minority shareholders in the company’s 94% owned subsidiary Magellan Capital Holdings Corporation (MCHC). In the second quarter of 2019, P10.1 million in net income was attributable to stockholders of the company while P0.5 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, 2020 compared to December 31, 2019.

Assets

Current Assets. Consolidated current assets as of June 30, 2020 totaled P873.9 million compared to P888.1 million as of December 31, 2019. Most of the decrease was due to the lower cash and cash equivalents which decreased to P566 million as of June 30, 2020 from P582.2 million as of December 31, 2019. Financial assets at FVPL slightly increased to P251.3 million as of June 30, 2020 from P248.6 million as of December 31, 2019.

Receivables from Related Parties. This account stayed at nil at the end of June 30, 2020 the same level as at the end of 2019 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 2019 and at June 30, 2020 at ₱277.6 million as equity in net earnings of associates are not taken up until year end.

Financial Assets at FVOCI – Net of Current Portion. This account which consists mostly of medium term bonds increased slightly from ₱299.9 million at year-end 2019 to ₱300.4 million at June 30, 2020.

Property and Equipment. This account totaled ₱6.5 million as of June 30, 2020 compared to ₱7.3 million as of December 31, 2019 due to additional depreciation allowance taken in the first half of 2020.

Investment in Property. This Account totaled ₱386.9 million at June 30, 2020 compared to ₱391.3 million at year end 2019 due to depreciation allowance provided in the first half of 2020.

Other Non-Current Assets. This account totaled ₱29.1 million as of June 30, 2020, the same level as of December 31, 2019.

Total Assets. As a result of the foregoing, total assets decreased to ₱1,884.9 million as of June 30, 2020 from ₱1,903.9 million as of December 31, 2019.

Liabilities and Equity

Current Liabilities. Current liabilities decreased to ₱17.8 million as of June 30, 2020 from ₱30.6 million as of December 31, 2019 due mainly to reduction in income tax payable which were paid in April 2019 and lower accounts payable.

Non-Current Liabilities. Non-current liabilities which consists mostly of retirement benefit obligation and deferred income tax liabilities was stable at ₱21.1 million as of June 30, 2020, the same level as at year-end 2019.

Stockholder's Equity. Total stockholder's equity decreased to ₱1,845.9 million as of June 30, 2020 from ₱1,852.2 million at year-end 2019 due to the net loss of ₱6.5 million generated in the first half of 2020. Total equity attributable to stockholders of the company totaled ₱1,774 million at June 30, 2020 from ₱1,779.9 million at December 31, 2019 due to the net loss of ₱6.1 million attributable to stockholders of the company in the first half of 2020.

Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was ₱71.9 million at June 30, 2020 compared to ₱72.3 million at year-end 2019.

(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 2019 and 2018 are shown in Annex “C” and presented below in summary form:

(P 000)	2 nd Quarter 2020	Percentage (%)	2 nd Quarter 2019	Percentage (%)
Interest Income	₱ 5,111	14.2%	₱ 8,400	41.7%
Lease Rental Income	5,473	15.3%	6,294	31.2%
Dividend Income	1,271	3.5%	1,450	7.2%
Unrealized Gain on Trading Securities	22,221	62%	2,181	10.8%
Realized Gain on FVPL	1,469	4.1%	1,135	5.6%
Realized FX Gain	17	-	687	3.4%
Other Income	282	0.8%	-	-
Total Income	₱ 35,842	100.00%	₱ 20,147	100.00%

Total revenue increased by 77.9% in the second quarter of 2020 to ₱35.8 million from ₱20.1 million in the second quarter of 2019. This was due mainly to higher unrealized gain on trading securities.

Change in Net Income. The income statement in the second quarter of 2020 and 2019 are shown in Annex “C” and summarized below:

(P 000)	2 nd Quarter 2020	Percentage (%)	2 nd Quarter 2019	Percentage (%)
Revenues	P 35,842	100.0%	P 26,147	100.00%
Expenses	7,038	19.6%	9,478	47.0%
Net Income	28,804	80.4%	10,669	53.0%
Attributable to:				
- Minority Interest	1,440	4.0%	533	2.6%
- Stockholders of Company	P 27,364	76.4%	P 10,135	50.3%

The company realized a net income of P27.4 million attributable to stockholders of the company in the second quarter of 2020, compared to a net income of P5.6 million attributable to stockholders of the company in the second quarter of 2019 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 2020 was P0.071 per share compared to earnings per share of P0.026 in the second quarter of 2019.

Current Ratio. Current ratio as of June 30, 2020 was 48.9 X compared to 29 X as of December 31, 2019. Increase in cash and cash equivalent 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, 2020 was P4.62 per share compared to P4.64 per share as of December 31, 2019 due mainly to the net loss attributable to stockholders of the company realized in the first half of 2020.

PART II
OTHER INFORMATION

1. Regular Board Meeting of the Corporation held on February 28, 2020

The Board approved and adopted the following resolutions:

1. Approval of Audited Financial Statements

“RESOLVED, that the authority of the President, Mr. Robert Y. Cokeng, to approve the audited Financial Statements for year ending December 2019 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. Date of Annual Stockholders’ Meeting

“RESOLVED, that the President of the Corporation is hereby authorized to set the date of the Annual Stockholders’ Meeting for the year 2020.

“RESOLVED FURTHER, that for this purpose, ROBERT Y. COKENG, President, be as he is hereby authorized to represent the Corporation as well as to sign, execute and deliver any and all as may be necessary to be executed in implementation of the foregoing.”

3. Engagement of Professional Stock Transfer, Inc. (PSTI) as Stock and Transfer Agent vice RCBC

“RESOLVED, that the Corporation engage the service of Professional Stock Transfer, Inc. (PSTI) as the Corporation’s Stock and Transfer Agent to replace RCBC.

“RESOLVED FURTHER, that the Corporation’s President, RPBERT Y. COKENG and/or Treasurer, MARK K. COKENG be as they are authorized to

sign, execute and deliver any and all documents in connection with this engagement.”

4. Sale of Volvo S80Sedan

"**RESOLVED** that the Corporation, sell and transfer its motor vehicle described below

OWNER	:	F&J Prince Holdings Corporation
Make	:	Volvo
Type	:	S80 Sedan (year 2000 Model)
Chassis No.	:	YV1TS49K9Y1117242
Engine No.	:	B5204T-1962726
Plate No.	:	LMK-333
File No.	:	1308-213274


RESOLVED FURTHER that the Corporation’s President ROBERT Y. COKENG, or the Corporation’s Treasurer MARK RYAN K. COKENG be, as any one of them is hereby authorized to sign, execute and deliver any and all documents necessary to implement the sale of the above described motor vehicle.”

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 **10 August 2020**

Principal Financial/Accounting Officer/Controller

Signature and Title 
MARK RYAN K. COKENG, Treasurer

Date **10 August 2020**

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2020 AND DECEMBER 31, 2019

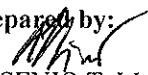
ANNEX "A"
Page 1

	UNAUDITED JUNE 30, 2020	AUDITED DEC. 31, 2019
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	P 565,957,712	P 582,252,670
Financial assets at fair value through profit or loss	251,281,185	248,646,828
Convertible note receivable	0	0
Receivables-net :		
Advances to Officers & Employees	0	0
Interest Receivable	4,356,315	6,193,246
Dividends Receivable	16,885,116	16,885,116
Receivable from related parties	544,070	388,213
Others	134,861	812,274
Total Receivables	21,920,362	24,278,849
Allowance for impairment losses	961,368	961,368
Total Receivables-Net	20,958,994	23,317,481
Current portion of HTM investments	0	0
Current portion of AFS financial assets	582,302	582,302
Prepaid expenses & other current assets:		
Input Tax	30,532,169	30,942,818
Prepaid Income Tax	616,259	0
Others	4,013,865	2,360,984
Total Prepaid expenses and other current assets	35,162,293	33,303,802
Total Current Assets	P 873,942,486	P 888,103,083
<i>Non-current Assets</i>		
Receivables from related parties-net	0	0
Investments in associates	277,599,655	277,599,655
Deferred income tax asset	10,505,734	10,505,734
Financial assets at FVOCI-net of current portion	300,359,235	299,930,551
Investment in property	386,889,518	391,291,609
Property and Equipment		
Building	20,755,943	20,755,943
Building Improvements	8,764,062	8,764,062
Transportation equipment	8,684,511	10,263,079
Furniture and fixtures	2,878,797	2,875,046
Total	41,083,313	42,658,130
Less: Accumulated depreciation	34,601,855	35,375,009
Net Book Value	6,481,458	7,283,121
Total Property and Equipment	6,481,458	7,283,121
Other non-current assets	29,111,285	29,136,257
Total Non-Current Assets	1,010,946,885	1,015,746,927
TOTAL ASSETS	P 1,884,889,371	P 1,903,850,010

LIABILITIES & STOCKHOLDERS' EQUITY	UNAUDITED JUNE 30, 2020	AUDITED DEC. 31, 2019
<i>Current Liabilities</i>		
Accounts Payable and accrued expenses		
Accounts payable-trade	0	0
Accounts payable-others	119,032	3,077,153
Withholding taxes payable	227,018	430,326
SSS Premium Payable	15,162	16,262
HDMF Premium Payable	1,896	1,896
Philhealth Premium Payable	10,823	9,096
Deposit Payable	4,422,825	4,375,558
Output Vat Payable	1,155,965	818,142
Accrued expenses	1,503,624	1,610,827
Total Accounts payable and accrued expenses	P 7,456,345	P 10,339,260
Dividends Payable	5,392,040	6,235,209
Income Tax Payable	0	9,018,761
Provision for legal obligation	5,000,000	5,000,000
Total Current Liabilities	P 17,848,385	P 30,593,230
<i>Non-Current Liabilities</i>		
Deferred income tax liabilities-net	0	0
Deposits payable	2,759,766	2,726,766
Retirement benefit obligation	18,344,610	18,344,610
Total Non-Current Liabilities	21,104,376	21,071,376
<i>Stockholders' Equity</i>		
Capital stock	481,827,653	481,827,653
Additional paid in capital	144,759,977	144,759,977
Treasury shares	(101,969,326)	(101,969,326)
Unrealized gain on financial assets at FVOCI	(18,319,500)	(18,558,195)
Actuarial loss on retirement benefit obligation	(2,959,003)	(2,959,003)
Accumulated share in other comprehensive income of associates	90,849,242	90,849,242
Retained earnings	1,179,853,376	1,185,978,066
Total Equity Attributable to Stockholders of the Company	1,774,042,419	1,779,928,414
Minority Interest	71,894,191	72,256,990
Total Stockholders' Equity	1,845,936,610	1,852,185,404
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	P 1,884,889,371	P 1,903,850,010

See accompanying Notes to Consolidated Financial Statements

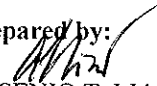
Prepared by:


 ARSENIO T. LIAO
 Accountant

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS PERIOD ENDING JUNE 30, 2020 AND JUNE 30, 2019

	UNAUDITED JUNE 30, 2020	UNAUDITED JUNE 30, 2019
REVENUES		
Interest Income		
From Banks	P 4,366,632	P 8,241,774
From Securities	6,236,539	7,816,593
Total Interest Income	10,603,171	16,058,367
Unrealized gains on trading securities	0	23,794,259
Rental Income	12,201,237	12,478,643
Gains on disposal/redemption of financial assets at FVOCI	0	740,418
Dividend Income	1,584,434	1,841,664
Realized forex gain	16,844	1,135,602
Realized gain on sale of FVPL	4,208,548	2,046,992
Other income	281,762	78,240
	P 28,895,996	P 58,174,185
EXPENSES		
	0	0
Realized loss on disposal of financial assets at FVPL	2,739,960	
Net foreign exchange loss	0	0
Salaries, wages and employees' benefits	5,724,060	5,667,812
Depreciation	5,102,262	5,271,196
Professional fees	860,206	766,381
Condominium dues	1,505,423	1,222,417
Realized loss on disposal/redemption of bonds	0	251,040
Taxes and licenses	990,310	1,656,602
Entertainment, amusement and recreation	38,263	167,287
Unrealized loss on financial assets at FVPL	17,231,141	37,844
Others	1,191,862	1,924,055
	35,383,487	16,964,634
NET INCOME	P (6,487,491)	P 41,209,551
NET INCOME ATTRIBUTABLE TO:		
STOCKHOLDERS OF THE COMPANY	P (6,124,691)	P 39,214,411
MINORITY INTERESTS	(362,800)	1,995,140
EARNINGS PER SHARE		
	P (0.016)	P 0.102


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, 2020 AND JUNE 30, 2019**

	UNAUDITED JUNE 30, 2020	UNAUDITED JUNE 30, 2019
NET INCOME	P (6,487,491)	P 41,209,551
OTHER COMPREHENSIVE INCOME(LOSS)		
Changes in fair value of AFS investments	-	-
Amortization of unrealized losses on changes in fair value of AFS investments		
Unrealized gain/loss on financial assets at FVOCI	238,695	5,629,200
Impairment loss on AFS investments		
Others		
	238,695	5,629,200
TOTAL COMPREHENSIVE INCOME(LOSS)	P (6,248,796)	P 46,838,751
TOTAL COMPREHENSIVE INCOME(LOSS)		
ATTRIBUTABLE TO:		
STOCKHOLDERS OF THE COMPANY	P (5,936,356)	P 44,496,813
MINORITY INTERESTS	(312,440)	2,341,938
	P (6,248,796)	P 46,838,751

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, 2020 AND APRIL 1-JUNE 30, 2019

	UNAUDITED APRIL 1- JUNE 30, 2020	UNAUDITED APRIL 1- JUNE 30, 2019
REVENUES		
Interest Income		
From Banks	P 1,988,018	P 4,691,806
From Securities	3,122,656	3,707,781
Total Interest Income	5,110,674	8,399,587
Unrealized gains on trading securities	22,220,793	2,181,219
Rental Income	5,472,535	6,294,206
Gains on disposal/redemption of AFS/HTM investments		
Dividend Income	1,271,235	1,449,698
Realized forex gain	16,844	687,049
Realized gain on sale of FVPL	1,468,588	1,135,602
Other income	281,762	0
	P 35,842,431	P 20,147,361
EXPENSES		
Net foreign exchange loss	0	1,402,650
Amortization of unrealized losses on changes in fair value of AFS investments	0	0
Salaries, wages and employees' benefits	2,895,181	2,841,580
Depreciation	2,551,588	2,631,120
Professional fees	300,936	424,611
Condominium dues	698,552	533,925
Realized loss on disposal/redemption of bonds/FVOCI	0	251,040
Taxes and licenses	82,279	84,760
Entertainment, amusement and recreation	0	101,819
Unrealized loss on financial assets at FVPL	0	37,844
Others	509,679	1,169,139
	7,038,215	9,478,488
NET INCOME	P 28,804,216	P 10,668,873
NET INCOME ATTRIBUTABLE TO:		
STOCKHOLDERS OF THE COMPANY	P 27,364,005	P 10,135,429
MINORITY INTERESTS	1,440,211	533,444
EARNINGS PER SHARE	P 0.071	P 0.026

See accompanying Notes to Consolidated Financial Statements

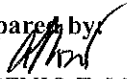
Prepared by:


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F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD APRIL 1-JUNE 30,2020 AND APRIL 1-JUNE 30,2019

	UNAUDITED APRIL 1- JUNE 30,2020	UNAUDITED APRIL 1-JUNE 30,2019
NET INCOME	P 28,804,216	P 10,668,873
OTHER COMPREHENSIVE INCOME(LOSS)		
Changes in fair value of AFS investments	-	-
Amortization of unrealized losses on changes in fair value of AFS investments		
Unrealized gain/loss on financial assets at FVOCI	6,408,815	(769,183)
Impairment loss on AFS investments		
Others		
	6,408,815	(769,183)
TOTAL COMPREHENSIVE INCOME(LOSS)	P 35,213,031	P 9,899,690
TOTAL COMPREHENSIVE INCOME(LOSS)		
ATTRIBUTABLE TO:		
STOCKHOLDERS OF THE COMPANY	P 33,452,379	P 9,404,705
MINORITY INTERESTS	1,760,652	494,985
	P 35,213,031	P 9,899,690

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, 2020 AND JUNE 30, 2019 AND THE YEAR ENDED
DECEMBER 31, 2019

	UNAUDITED	UNAUDITED	AUDITED
	JUNE 30, 2020	JUNE 30, 2019	DEC. 31, 2019
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	(101,969,326)	(101,777,276)	(101,969,326)
Unrealized gain on financial assets at FVOCI	(18,319,500)	23,061,386	(18,558,195)
Other Reserves			
Actuarial loss on retirement benefit obligation	(2,959,003)	(416,121)	(2,959,003)
Share in other comprehensive income of associates	90,849,242 ¹	72,344,371	90,849,242
SHARE IN REVALUATION INCREMENT ON LAND OWNED BY MCHC's SUBSIDIARIES			
RETAINED EARNINGS			
Balance at beginning of period	1,185,978,067	1,230,524,692	1,230,524,692
Net Income	(6,124,691)	39,214,411	32,205,282
Dividends declared			(76,751,907)
Balance at end of period	1,179,853,376	1,269,739,103	1,185,978,067
Minority Interests	1,774,042,419	1,889,539,093	1,779,928,415
	71,894,191	74,849,006	72,256,990
TOTAL STOCKHOLDERS' EQUITY	1,845,936,610^P	1,964,388,099^P	1,852,185,405

See accompanying Notes to Consolidated Financial Statements

Prepared by:



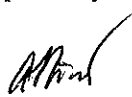
ARSENIO T. LIAO
Accountant

F & J PRINCE HOLDINGS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDING JUNE 30, 2020 AND JUNE 30, 2019

	UNAUDITED JUNE 30, 2020	UNAUDITED JUNE 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	P (6,124,691) P	39,214,411
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority Interest	(362,800)	1,995,140
Net unrealized gains on financial assets at FVOCI	238,695	5,629,200
Depreciation and amortization	3,628,929	5,271,196
Amortization of unrealized loss/gain on FV of AFS inv.		
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	2,358,487	1,723,343
Prepaid expenses and other current assets	(1,858,491)	(1,788,070)
Increase (decrease) in accounts payable and accrued expenses	(2,882,915)	151,994
<i>Net cash provided by operating activities</i>	(5,002,786)	52,197,214
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions/disposals of property and equipment	1,574,817	(139,428)
AFS/HTM investments and financial assets (FVPL)	0	0
Financial assets at FVOCI and FVPL	(3,063,031)	29,561,752
Investment in property		
Decrease (increase) in:		
Other assets	24,972	0
<i>Net cash provided by (used in) investing activities</i>	(1,463,242)	29,422,324
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in:		
Dividends payable	(843,169)	(512,208)
Deposits payable	33,000	0
Income tax payable	(9,018,761)	(1,902,626)
<i>Net cash provided by (used in) financing activities</i>	(9,828,930)	(2,414,834)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P (16,294,958) P	79,204,704
CASH AND CASH EQUIVALENTS, BEGINNING	582,252,670	571,371,026
CASH AND CASH EQUIVALENTS, ENDING	P 565,957,712 P	650,575,730

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, 2020 AND APRIL 1-JUNE 30, 2019

	UNAUDITED APRIL 1- JUNE 30,2020	UNAUDITED APRIL 1- JUNE 30,2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	P 27,364,005	P 10,135,429
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net earnings in associate		
Minority interest	1,440,211	533,444
Depreciation and amortization	1,078,255	2,631,120
Unrealized loss/gain on changes in fair value of AFS/FVPL	0	0
Net unrealized loss/gain on financial assets at FVOCI	6,408,815	(769,183)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	99,348	711,073
Prepaid expenses and other current assets	(214,687)	(2,112,293)
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,325,672)	(1,989,332)
Net cash provided by operating activities	34,850,275	9,140,258
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions/disposals of property and equipment	1,574,817	(1,415)
Investment in property	0	(136,300)
AFS/HTM/other investments and financial assets (FVPL)		
Financial assets at FVOCI and FVPL	(48,565,101)	19,902,078
Decrease (increase) in:		
Other assets	0	0
Net cash provided by (used in) investing activities	(46,990,284)	19,764,363
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in:		
Cash dividends declared and paid	0	0
Deferred charges	0	0
Dividends payable	(843,169)	0
Income tax payable	(9,018,761)	(2,022,625)
Net cash provided by (used in) financing activities	(9,861,930)	(2,022,625)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P (22,001,939) P	26,881,996
CASH AND CASH EQUIVALENTS, BEGINNING	587,959,651	623,693,734
CASH AND CASH EQUIVALENTS, ENDING	P 565,957,712 P	650,575,730

F& J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2020 AND DECEMBER 31, 2019
WITH VERTICAL AND HORIZONTAL PERCENTAGE ANALYSIS

"ANNEX G"

Page 1

	UNAUDITED3 JUNE 30, 2020	VERTICAL PERCENTAGE ANALYSIS JUNE 30, 2020	AUDITED DEC. 31,2019	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2019	INCREASE (DECREASE) AMOUNT JUNE30, 2020	INCREASE (DECREASE) PERCENTAGE ANALYSIS JUNE 30, 2020
ASSETS						
Current Assets						
Cash and cash equivalents	565,957,712	30.03%	582,252,670	30.58%	(16,294,958)	-2.80%
Financial assets at fair value through fair value thru profit or loss (FVPL)	251,281,185	13.33%	248,646,828	13.06%	2,634,357	1.06%
Short-term investments	-	-	-	-	--	-
Receivables :						
Advances to Officers & Employees	0	0.00%	0	0.00%	0	0.00%
Interest Receivable	4,356,315	0.23%	6,193,246	0.33%	(1,836,931)	-29.66%
Dividends Receivable	16,885,116	0.90%	16,885,116	0.89%	0	0.00%
Receivable from related parties	544,070	0.03%	388,213	0.02%	155,857	40.15%
Others	134,861	0.01%	812,274	0.04%	(677,413)	-83.40%
Total Receivables	21,920,362	1.16%	24,278,849	1.28%	(2,358,487)	-9.71%
Allowance for impairment losses	961,368	-0.05%	961,368	-0.05%	0	0.00%
Total Receivables-Net	20,958,994	1.11%	23,317,481	1.23%	(2,358,487)	-10.11%
Current portion of HTM investments	0	0.00%	0	0.00%	0	0.00%
Current portion of fin. assets at FVOCI	582,302	0.03%	582,302	0.03%	0	0.00%
Prepaid expenses & other current assets:						
Others	4,013,865	0.21%	2,360,984	0.12%	1,652,881	70.01%
Input Tax	30,532,169	1.62%	30,942,818	1.63%	(410,649)	-1.33%
Prepaid Income Tax	616,259	0.03%	0	0.00%	0	0.00%
Total Prepaid expenses & other current assets	35,162,293	1.86%	33,303,802	1.75%	1,858,491	5.58%
Total Current Assets	873,942,486	46.37%	888,103,083	46.65%	(14,160,597)	-1.59%
Non-current Assets						
Receivables from related parties	0	0.00%	0	0.00%	0	0.00%
Investments in associates	277,599,655	14.73%	277,599,655	14.59%	0	0.00%
Financial assets at FVOCI	300,359,235	15.94%	299,930,551	15.75%	428,684	0.14%
Investment in properties	386,889,518	20.53%	391,291,609	20.55%	(4,402,091)	-1.13%
Property and Equipment						
Building	20,755,943	1.10%	20,755,943	1.09%	0	0.00%
Building Improvements	8,764,062	0.46%	8,764,062	0.46%	0	0.00%
Transportation equipment	8,684,511	0.46%	10,263,079	0.54%	(1,578,568)	-15.38%
Furniture and fixtures	2,878,797	0.15%	2,875,046	0.15%	3,751	0.13%
Total Property and Equipment	41,083,313	2.17%	42,658,130	2.24%	(1,574,817)	-3.69%
Less: Accumulated depreciation	34,601,855	-1.84%	35,375,009	-1.86%	(773,154)	-2.19%
Net Book Value	6,481,458	0.33%	7,283,121	0.38%	(801,663)	-11.01%
Total Property and Equipment	6,481,458	0.33%	7,283,121	0.38%	(801,663)	-11.01%
Deferred income tax assets-net	10,505,734	0.56%	10,505,734	0.55%	0	0.00%
Other Assets – net	29,111,285	1.54%	29,136,257	1.53%	(24,972)	-0.09%
Total Non-Current Assets	1,010,946,885	53.63%	1,015,746,927	53.35%	(4,800,042)	-0.47%
TOTAL ASSETS	1,884,889,371	100.00%	1,903,850,010	100.00%	(18,960,639)	-1.00%

	UNAUDITED JUNE 30, 2020	VERTICAL PERCENTAGE ANALYSIS JUNE 30, 2020	AUDITED DEC. 31, 2019	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2019	INCREASE (DECREASE) AMOUNT JUNE 30, 2020	INCREASE (DECREASE) PERCENTAGE ANALYSIS JUNE 30, 2020
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	119,032	0.01%	3,077,153	0.16%	(2,958,121)	-96.13%
Withholding taxes payable	227,018	0.01%	430,326	0.02%	(203,308)	-47.25%
SSS Premium Payable	15,162	0.00%	16,262	0.00%	(1,100)	-6.76%
HDMF Premium Payable	1,896	0.00%	1,896	0.00%	0	0.00%
Philhealth Premium Payable	10,823	0.00%	9,096	0.00%	1,727	18.99%
Deposit Payable	4,422,825	0.23%	4,375,558	0.23%	47,267	1.08%
Output Vat Payable	1,155,965	0.06%	818,142	0.04%	337,823	41.29%
Accrued expenses	1,503,624	0.08%	1,610,827	0.08%	(107,203)	-6.66%
Total Accounts payable & accrued expenses	7,456,345	0.39%	10,339,260	0.53%	(2,882,915)	-27.88%
Dividends Payable	5,392,040	0.29%	6,235,209	0.33%	(843,169)	-13.52%
Income Tax Payable	0	0.00%	9,018,761	0.47%	(9,018,761)	-100.00%
Provision for legal obligation	5,000,000	0.27%	5,000,000	0.26%	0	0.00%
Total Current Liabilities	17,848,385	0.95%	30,593,230	1.59%	(12,744,845)	-41.66%
Non-Current Liabilities						
Deferred tax liabilities-net	0	0.00%	0	0.00%	0	0.00%
Deposits payable	2,759,766	0.15%	2,726,766	0.14%	33,000	1.21%
Retirement benefit obligation	18,344,610	0.97%	18,344,610	0.96%	0	0.00%
Total Non-Current Liabilities	21,104,376	1.12%	21,071,376	1.10%	33,000	0.16%
Stockholders' Equity						
Capital stock	481,827,653	25.56%	481,827,653	25.31%	0	0.00%
Additional paid in capital	144,759,977	7.68%	144,759,977	7.60%	0	0.00%
Unrealized gain on fin. assets at FVOCI	(18,319,500)	-0.97%	(18,558,195)	-0.97%	238,695	1.29%
Actuarial loss on retirement obligation	(2,959,003)	-0.16%	(2,959,003)	-0.16%	0	0.00%
Accumulated share in OCI of associates	90,849,242	4.82%	90,849,242	4.78%	0	0.00%
Treasury shares	(101,969,326)	-5.41%	(101,969,326)	-5.36%	0	0.00%
Retained earnings	1,179,853,376	62.60%	1,185,978,066	62.30%	(6,124,690)	-0.52%
Total Equity Attributable to Stockholders of the Company	1,774,042,419	94.12%	1,779,928,414	93.51%	(5,885,995)	-0.33%
Minority Interest	71,894,191	3.81%	72,256,990	3.80%	(362,799)	-0.50%
Total Stockholders' Equity	1,845,936,610	97.93%	1,852,185,404	97.31%	(6,248,794)	-0.34%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	1,884,889,371	100.00%	1,903,850,010	100.00%	(18,960,639)	-1.00%

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.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively referred to as the "Group") as of December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 were authorized for issue by the Board of Directors (BOD) on June 15, 2020.

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

Basis of Preparation

The consolidated financial statements have been prepared under the historical cost basis, except for financial assets at FVTPL and certain investments in debt and equity securities that have been measured at fair value (see Notes 7 and 10). The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional currency, and rounded off to the nearest peso, except when otherwise indicated.

Statement of Compliance

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2019 and 2018. Control is achieved when the Group has power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee), is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary

begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

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

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

Details on the subsidiaries as of December 31, 2019 and 2018 are as follows:

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

*Intermediate parent company

**Non-operational since incorporation.

MCHC

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

PIEI

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

MC

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

MCRDC

MCRDC was organized to purchase, subscribe for, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities, contracts and obligations of any corporation or corporations, domestic or foreign. MCRDC was registered with the SEC on November 14, 1990 and has been non-operational since incorporation.

MCTC

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

3. **Changes in Accounting Policies and Disclosures**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended standards which were adopted as of January 1, 2019.

- Amendments to PFRS 9, Prepayment Features with Negative Compensation

Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments had no impact on the consolidated financial statements of the Group.

- PFRS 16, *Leases*

PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an

index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

The new accounting standard did not have any significant impact to the consolidated financial statements because the Group did not enter into any lease agreement as a lessee.

- Amendments to PAS 19, *Employee Benefits*, Plan Amendment, Curtailment or Settlement

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

- Amendments to PAS 28, Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Group does not have long-term interests in associates and joint venture to which equity method is not applied.

- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Philippine Accounting Standards (PAS) 12, Income Taxes, and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The entity shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined, based on its assessment, that it is probable that its uncertain tax treatments will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the Group's consolidated financial statements.

- Annual Improvements to PFRSs 2015–2017 Cycle

- Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January

1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments had no impact on the consolidated financial statements of the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

Effective Beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective Beginning on or after January 1, 2023

- PFRS 17, *Insurance Contracts*
PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

These amendments have no significant impact on the consolidated financial statements.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may

result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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 2020	December 2019
Cash on hand and with banks	₱40,820,079	₱34,519,227
Short-term placements	525,137,633	547,733,443
	₱565,957,712	₱582,252,670

Cash with banks earn interest at the respective bank deposit rates. Short-term placements are fixed rate time deposits denominated in United States (US) dollar and Philippine peso, made for varying periods of up to three months or less, depending on the immediate cash requirements of the Group, and earn interest at the respective bank rates ranging from 1.5% to 6.188% in 2019, 1% to 4.87% in 2018 and 1.0% to 2.5% in 2017.

Interest income earned from these bank deposits and short-term placements amounted to ₱18.9 million, ₱13.6 million and ₱14.9 million in 2019, 2018 and 2017, respectively.

5. Financial Assets at FVTPL

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

The carrying value of financial assets at FVTPL includes cumulative unrealized gain on fair value changes amounting to ₱55.1 million and ₱29.8 million in 2019 and 2018, respectively.

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

	June 2020	December 2019
Cost:		
Balances at beginning of year	193,570,752	₱174,942,538
Additions	25,313,824	23,571,711
Disposals	(5,448,325)	(4,943,497)
Balances at end of year	213,436,251	193,570,752
Changes in fair value:		
Balances at beginning of year	55,076,076	29,795,774
Fair value gains (losses)	(12,992,766)	27,685,974
Disposals	(4,238,376)	(2,405,672)
Balances at end of year	37,844,934	55,076,076
	₱251,281,185	₱248,646,828

Dividend income earned on investments in financial assets at FVTPL amounted to ₱4.0 million, ₱3.0 million, and ₱1.4 million in 2019, 2018 and 2017, respectively, presented as “Dividend income” in the consolidated statements of income.

The Group recognized gain on disposal of financial asset at FVTPL amounting to ₱3.4 thousand, nil and ₱1.3 million in 2019, 2018 and 2017, respectively.

6. Receivables

	June 2020	December 2019
Third parties:		
Accrued interest	₱4,356,315	₱6,193,246
Rent receivables	2,432,041	595,352
Others	402,813	79,340
Balances at end of year	7,191,169	6,867,938
Less allowance for expected credit losses	961,368	961,368
	₱6,229,801	₱5,906,570

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

7. Investments in Associates

	June 2020	December 2019
Acquisition cost	₱193,760,135	₱193,760,135
Accumulated share in net earnings, other comprehensive income and cumulative translation adjustment of associates :		
As at beginning of year	184,533,306	184,533,306
Share in net income (losses) of associates	5,344,072	5,344,072
Dividends declared by associates	(29,712,600)	(29,712,600)
Share in other comprehensive income of associates	26,238,374	26,238,374
Cumulative translation adjustment	(7,733,503)	(7,733,503)
As at end of year	178,669,649	178,669,649
	372,429,784	372,429,784
Less allowance for impairment losses	94,830,129	94,830,129
	₱277,599,655	₱277,599,655

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

	Country of Incorporation	Percentage of Ownership	Carrying Amount of Investments	
			2019	2018
MUDC	Philippines	43%	₱94,830,129	₱94,830,129
Less allowance for impairment losses			(94,830,129)	(94,830,129)
			-	-
PTC	Philippines	30%	207,396,659	221,837,783
BPO	Philippines	35%	70,202,966	61,625,529
			₱277,599,625	₱283,463,312

8. Financial Assets at FVOCI

	June 2020	December 2019
Quoted:		
Debt securities - at fair value, net of allowance for impairment loss of ₱2.1 million in 2019 and 2018	₱226,339,572	₱235,921,149
Equity securities	68,086,088	58,075,827
Unquoted equity securities	6,515,877	6,515,877
	300,941,537	300,512,853
Less current portion	582,302	582,302
	₱300,359,235	₱299,930,551

Movements in financial assets at FVOCI are as follows:

	2019	2018
Balance at beginning of year	₱431,031,604	₱522,510,808
Additions	15,506,600	22,141,284
Changes recognized in profit or loss	(8,216,708)	1,008,589
Movements in net unrealized valuation loss	(43,803,871)	(61,004,886)
Disposals	(94,004,772)	(53,624,191)
Balances at end of year	₱300,512,853	₱431,031,604

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 statements of comprehensive income. The debt securities bear fixed interest rates ranging from 4.38% to 13.63%, 2.71% to 10.02%, and 2.71% to 13.63% in 2019, 2018 and 2017, respectively. Maturity dates of the investments range from 2017 to 2024. Interests on investments are received and settled semi-annually in its denominated currency.

Investments in equity securities carried at fair value consist of investments in quoted and unquoted shares of stock which the Group has neither control nor significant influence. The fair market values

of the listed shares are determined by reference to published quotations in an active market as of December 31, 2019 and 2018. For unlisted shares of stocks that do not have readily available market values, the Group uses valuation for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Movements in the net unrealized valuation gains on financial assets at FVOCI are as follows:

	2019	2018
Balance at beginning of year	P23,979,813	P73,239,857
Changes in fair value	(34,163,736)	(49,972,652)
Expected credit losses	674,413	754,082
Disposals	(3,563,773)	(41,474)
Balances at end of year	(P13,073,284)	P23,979,813

Allowance for expected credit losses on financial assets at FVOCI debt instruments financial assets amounted to P2.1 million as of December 31, 2019 and 2018.

Net unrealized valuation gains on financial assets at FVOCI attributable to equity holders of the Parent Company amounted to P18.6 million and P17.4 million as of December 31, 2019 and 2018, respectively.

Interest earned on debt securities classified as financial assets at FVOCI amounted to P17.4 million and P19.5 million in 2019 and 2018, respectively, and interest earned on debt securities classified as AFS financial assets amounted to P22.5 million in 2017 presented as "Interest income" in the consolidated statements of income.

Dividend income earned on equity securities classified as financial assets at FVOCI amounted to P0.9 and P0.7 million in 2019 and 2018, respectively, and dividend income earned on equity securities classified as AFS financial assets amounted P1.0 million in 2017.

The Group disposed certain financial assets at FVOCI and recognized a gain from disposal amounting to P3.9 million in 2019 and a loss of P1.3 million in 2018. The Group recognized a gain from disposal of AFS financial assets amounting to P2.2 million in 2017.

9. Property and Equipment

	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	June 2020 Total
Cost:					
Balances at beginning of year	20,755,943	8,764,062	10,263,079	2,875,046	42,658,130
Additions	-	-	-	3,751	3,751
Disposals			(1,578,568)		(1,578,568)
Balances at end of year	20,755,943	8,764,062	8,684,511	2,878,797	41,083,313
Accumulated depreciation:					
Balances at beginning of year	15,982,389	8,457,827	8,081,213	2,853,580	35,375,009
Depreciation	415,117	35,280	245,312	4,470	700,179
Disposals			(1,473,333)		(1,473,333)
Balances at end of year	16,397,506	8,493,107	6,853,192	2,858,050	34,601,855
Net book values	P4,358,437	P270,955	P1,831,319	P20,747	P6,481,458

	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	December 2019 Total
Cost:					
Balances at beginning of year	₱20,755,943	₱8,764,062	₱10,263,079	₱2,865,479	₱42,648,563
Additions	–	–	–	9,567	9,567
Balances at end of year	20,755,943	8,764,062	10,263,079	2,875,046	42,658,130
Accumulated depreciation:					
Balances at beginning of year	15,152,152	8,387,280	7,337,618	2,844,432	33,721,482
Depreciation	830,237	70,547	743,595	9,148	1,653,527
Balances at end of year	15,982,389	8,457,827	8,081,213	2,853,580	35,375,009
Net book values	₱4,773,554	₱306,235	₱2,181,866	₱21,466	₱7,283,121

10. Investment Properties

	Land	Condominium	June 2020 Total
Cost:			
Balances at beginning of year	46,319,625	395,755,001	442,074,626
Additions	–	–	–
Balances at end of year	46,319,625	395,755,001	442,074,626
Accumulated depreciation:			
Balances at beginning of year	–	50,783,017	50,783,017
Depreciation	–	4,402,090	4,402,090
Balances at end of year	–	55,185,107	55,185,107
Net book values	₱46,319,625	₱340,569,894	₱386,889,519

	Land	Condominium	December 2019 Total
Cost:			
Balances at beginning of year	₱46,319,625	₱395,565,125	₱441,884,750
Additions	–	189,876	189,876
Balances at end of year	46,319,625	395,755,001	442,074,626
Accumulated depreciation:			
Balances at beginning of year	–	41,987,196	41,987,196
Depreciation	–	8,795,821	8,795,821
Balances at end of year	–	50,783,017	50,783,017
Net book values	₱46,319,625	₱344,971,984	₱391,291,609

Construction-in-progress represents properties which title have been passed on to the Group but are still not completed as of December 31, 2019 and 2018. In 2018, deposits on contracts amounting to ₱37.8 million were applied for the acquisition of condominium units considered as investment property.

Condominium units are being leased to third parties and other related parties as office space. The investment properties generated rent income amounting to ₱25.1 million, ₱23.2 million and ₱20.8 million 2019, 2018 and 2017, respectively (see Note 20). Direct operating expenses arising from investment properties that generated rent income include depreciation and condominium dues which amounted to ₱10.8 million in 2019 and ₱11.0 million in 2018 and 2017.

11. Accounts Payable and Accrued Expenses

	June 2020	December 2019
Current portion of deposits payable	₱4,302,826	₱7,063,978
Accounts payable	127,702	388,733
Accrued professional fees	1,600,273	1,588,265
Government payables	1,425,544	1,289,884
Deferred rental income	0	8,400
	₱7,456,345	₱10,339,260

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

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

12. Income Taxes

The Group's provision for current income tax in 2019, 2018 and 2017 are as follows:

	2019	2018	2017
Regular corporate income tax	₱10,642,931	₱3,618,264	₱10,788,556
Final tax on interest income	3,712,380	2,446,789	2,609,051
	₱14,355,311	₱6,065,053	₱13,397,607

The reconciliation of income tax computed at the statutory income tax rate to provision for income tax shown in profit or loss is as follows:

	2019	2018	2017
At statutory tax rate of 30%:	₱13,123,005	₱6,293,250	₱27,233,378
Additions to (reductions in) income tax resulting from:			
Interest income already subjected to final tax	(5,107,159)	(1,567,615)	(4,062,955)
Nondeductible expenses	4,001,918	2,888,469	896,174
Equity in net losses (earnings) of associates	(1,603,222)	4,191,661	(12,259,350)
Movement in unrecognized net deferred income tax asset	—	(3,789,070)	(318,599)
Nontaxable dividend income	(320,582)	(125,071)	(110,495)
	₱10,093,960	₱7,891,624	₱11,378,153

The Group's net deferred income taxes as of December 31, 2019 and 2018 are as follows:

	2019	2018
<i>Recognized in profit or loss</i>		
Deferred income tax assets on:		
Allowance for expected credit losses on receivables, due from related parties and financial assets at FVOCI	₱7,613,930	₱6,938,927
Retirement benefit obligation	4,262,431	3,715,408
Accrued rent	152,533	281,893
Deferred income tax liabilities on:		
Unrealized foreign exchange gains	(2,898,673)	(6,981,331)
Gains on fair value changes of foreign financial assets at FVTPL	(4,463,955)	(2,764,443)
	4,666,266	1,190,454
<i>Recognized in OCI</i>		
Deferred income tax assets on:		
Net unrealized valuation losses on financial assets at FVOCI	4,529,487	–
Actuarial losses on retirement benefit obligation	1,309,981	162,911
Deferred income tax liabilities on:		
Net unrealized valuation gains on financial assets at FVOCI	–	(6,083,740)
	5,839,468	(5,920,829)
Net deferred income tax assets (liabilities)	₱10,505,734	(₱4,730,375)

No deferred income tax assets were recognized for the following deductible temporary differences as it is not probable that sufficient taxable profits will be available to allow the benefit of the deferred income tax assets to be utilized:

	2019	2018
Allowance for impairment losses on due from related parties	₱150,796,579	₱150,796,579
Allowance for impairment losses on investment in an associate	94,830,129	94,830,129
Provision for legal obligation	5,000,000	5,000,000
	₱250,626,708	₱250,626,708

13. Equity

a. Common Stock

In accordance with Revised SRC Rule 68, 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:

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

14. 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 2020	₱706,205	₱150,163	On demand;	Unsecured;
	Dec. 2019	₱1,406,805	₱150,163	noninterest-bearing	Unimpaired
Payroll services expense	June 2020	31,274	—	On demand;	Unsecured;
	Dec. 2019	112,847	—	noninterest-bearing	Unimpaired
Dividends	June 2020	-	16,885,116	On demand;	Unsecured;
	Dec. 2019	13,999,897	16,885,116	noninterest-bearing	Unimpaired
PTC					
Dividends (see Note 9)	June 2020	-	—	On demand;	Unsecured;
	Dec. 2019	15,712,703	—	noninterest-bearing	Unimpaired
MUDC					
Advances	June 2020	17,226	618,403	On demand;	Unsecured;
	Dec. 2019	55,046	55,046	noninterest-bearing	Unimpaired
<i>Under common control</i>					
Other related parties					
Advances	June 2020	2,700		On demand;	Unsecured;
	Dec. 2019	25,860	320,586	noninterest-bearing	Unimpaired
			₱17,653,682		
			₱17,410,911		

The related party transactions are settled in cash.

Movement in the expected credit losses on due from related parties are as follows:

	2019	2018
Receivables from related party	₱189,185,737	₱189,164,234
Dividends receivable	16,885,116	15,749,974
	206,070,853	204,914,208
Allowance for:		
Expected credit losses	188,659,942	188,797,524
Recovery of allowance for impairment losses	–	(137,582)
	188,659,942	188,659,942
	₱17,410,911	₱16,254,266

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

Compensation of the key management personnel are as follows:

	2019	2018	2017
Salaries and wages	₱8,493,141	₱8,493,141	₱7,721,038
Other benefits	1,415,524	1,466,732	1,326,840
	₱9,908,665	₱9,959,873	₱9,047,878

15. Earnings per Share

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

	2019	2018	2017
Net income attributable to equity holders of the parent	₱32,205,281	₱12,088,289	₱77,729,401
Weighted average number of ordinary shares outstanding for basic and diluted EPS	383,959,910	384,033,808	384,060,813
Basic and diluted earnings per share	₱0.08	₱0.03	₱0.20

The Group has no potential dilutive instruments issued as of December 31, 2019, 2018 and 2017.

16. 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.

17. Commitments and Contingencies

- a. The Group leases a portion of its condominium spaces. The Group recognized rental income amounting to ₱25.1 million, ₱23.2 million, and ₱20.8 million, in 2019, 2018 and 2017 respectively. Future minimum rental income of ₱27.7 million from existing rental agreements

will be recognized in 2020 and 2021. The lease agreements between the Parent Company and its lessees have terms of one to five years and can be renewed upon the written agreement of the Parent Company and the lessees. Deposits made by the tenants amounting to ₱9.8 million and ₱7.2 million as of December 31, 2019 and 2018, respectively, will be returned to the lessees after the lease term.

- b. As of December 31, 2019 and 2018, the Group has a provision for legal obligation amounting to ₱5.0 million, for claim 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 Group 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.

18. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure, which pertains to its equity, and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The total core capital considered by the Group as of December 31, 2019 and 2018 are as follows:

	2019	2018
Common stock	₱481,827,653	₱481,827,653
Additional paid-in capital	144,759,977	144,759,977
Retained earnings	1,185,978,067	1,230,524,692
Treasury shares	(101,969,326)	(101,777,276)
Total core capital	₱1,710,596,371	₱1,755,335,046

19. Changes in Liabilities Arising from Financing Activities

The following shows the changes in the Group's liabilities arising from its financing activities in June, 2020 and December, 2019:

	As at January 1, 2020	Cash flows	Dividend declaration	As at June 30, 2020
Dividends payable	₱5,139,021	(₱76,498,887)	₱76,751,906	₱5,392,040

	As at January 1, 2019	Cash flows	Dividend declaration	As at December 31, 2019
Dividends payable	₱5,139,021	(₱75,655,718)	₱76,751,906	₱6,235,209

20. Events After the Reporting Date

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to May 15, 2020. National Capital Region (NCR) and other high-risk areas were under modified ECQ until May 31, 2020. Starting June 1, 2020 until June 15, 2020, Metro Manila and certain places in the Philippines were placed under general community quarantine. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Group considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year ended December 31, 2019. The Group have not seen any significant impact to its operation resulting from the outbreak as of the date of this report, but considering the evolving nature of this outbreak, the Group will continue to monitor the situation to determine the possible impact to its financial position, performance and cash flows in the future.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
AGING OF ACCOUNTS RECEIVABLE
AS OF JUNE 30, 2020

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.	46,134	500					46,634	46,634
Magellan Capital Corporation	323,387	500					323,887	323,887
Magellan Capital Trading Corporation	47,134	500					47,634	47,634
Magellan Utilities Development Corp.	0							0
Business Process Outsourcing International	17,100,293	790,950	790,950				17,100,293	17,100,293
Pinamucan Power Corporation	31,206	500					31,706	31,706
Pointwest Technologies Corporation	0							0
Others	0							0
	17,548,154	792,950	790,950				17,550,154	17,550,154

