

# COVER SHEET

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SEC Registration Number

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

(Company's Full Name)

5 T H F L O O R C I T I B A N K C E N T E R  
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

**8927133 · 8927137**

Company Telephone Numbers

1 2

Month

3 1

Day

Fiscal Year

0 4

Month

1 2

Day

Annual Meeting

## SEC FORM 17-Q (As of March 31, 2020)

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

Form Type

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Number of Stockholders

Total Amount of Borrowings

Domestic

Foreign

File Number

LCU

Document I.D.

Cashier

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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 **31 March 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) 892-7133**  
Registrant's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

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

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

Yes  No

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

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

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12. Indicate by check mark whether the registrant:

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

Yes  No

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

Yes  No

**PART I**  
**FINANCIAL INFORMATION**

**ITEM I. FINANCIAL STATEMENTS**

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

- (1) Unaudited Interim Balance Sheet as of 31 March 2020 and Audited Balance Sheet as of 31 December 2019 as Annex "A";
- (2) Unaudited Interim Statement of Income and Retained Earnings for the three (3) month period ending 31 March 2020 and the three (3) month period ending 31 March 2019 as Annex "B";
- (3) Unaudited Interim Statement of Changes in Stockholders' Equity for the three (3) months period ending 31 March 2020 and 31 March 2019 and Audited Statement of Changes in Stockholders' Equity for the year ending 31 December 2019 as Annex "C";
- (4) Unaudited Interim Consolidated Cash Flow Statement for the three (3) month period ending 31 March 2020 and the three (3) month period ending 31 March 2019 as Annex "D";
- (5) Interim Cash Flow for the quarterly periods ending 30 June 2019 and 30 September 2019 Audited Cash Flow Statement for the year ended 31 December 2019 as Annex "E"; and
- (6) Consolidated Balance Sheet as of 31 March 2020 and 31 December 2019 with vertical and horizontal percentage analysis as Annex "F".

## **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 P80.4 million from P62.8 million in 2018. Equity in net earnings of associates improved to a gain of P5.3 million in 2019 from a loss of P14.2 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 P62.8 million in 2019 from P52.2 million in 2018. Interest income increased from P36.3 million in 2018 from P33.1 million in 2018 as interest levels have improved. A net foreign exchange loss of P22.9 million was recorded in 2019 versus a gain of P31.6 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 P23.2 million in 2018 to P25.1 million in 2019 due to escalation of rental rates. Gain on disposal of AFS, HTM and FVPL Financial Assets of P3.9 million was recorded in 2019 against a loss of P1.3 million in 2018. Dividend income increased from P3.7 million in 2018 to P4.9 million in 2019. Fair value gain on Financial Assets at FVPL was P27.7 million in 2019 compared to a loss of P14.2 million in 2018 as prices of listed securities improved.

Total consolidated expenses of the Registrant decreased to P36.7 million in 2019 compared to P41.8 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 P43.7 million compared to P21 million in 2018. After provision for income tax, total consolidated net income after tax totaled P33.7 million in 2019 compared to P13.1 million in 2018.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totaled P1.4 million in 2019 compared to P1.0 million in 2018.

Net income attributable to equity holders of the Registrant totaled P32.2 million in 2019 compared to P12.1 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 First 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 first quarter of 2020 or in prior periods.
- (iv) There are no material commitments for capital expenditures, by the Company or its majority owned subsidiary.

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

### Operating Results

Breakdown of Revenue for the Three Month Periods Ending March 31, 2020 and March 31, 2019 with Vertical and Horizontal Percentage Analysis is shown below:

(P000)	FIRST QUARTER	VERTICAL PERCENTAGE ANALYSIS	FIRST QUARTER	VERTICAL PERCENTAGE ANALYSIS	INCREASE (DECREASE) AMOUNT	INCREASE (DECREASE) PERCENTAGE
	March 31, 2020	March 31, 2020	March 31, 2019	March 31, 30, 2019	March 31, 2020	March 31, 2020
INTEREST INCOME		19.1%				
From Banks	P 2,379		P 3,550	9.0%	P (1,630)	(45.9%)
From Securities	3,113	24.8%	4,109	10.4%	(996)	(24.2%)
<b>TOTAL</b>	<b>5,492</b>	<b>43.8%</b>	<b>7,659</b>	<b>19.4%</b>	<b>(2,167)</b>	<b>(8.3%)</b>
Dividend Income	313	2.5%	392	1.0%	(79)	(20.2%)
Rent Income	6,728	53.7%	6,184	15.7%	544	8.8%
Unrealized Gain on Trading Securities	-	-	21,613	55.0%	(21,613)	(100%)
Gains on Disposal of Financial Assets	-	-	740	1.9%	(740)	(100%)
Net Unrealized FX Gain	-	-	2,763	7.0%	(2,763)	(100%)
Other Income	12,534	100%	78	0.2%	78	-
<b>TOTAL</b>	<b>P 12,534</b>	<b>100%</b>	<b>P 39,429</b>	<b>100%</b>	<b>P (26,895)</b>	<b>(68.2%)</b>

**Revenues.** Consolidated Revenues, during the 3 month period ended March 31, 2020, totaled P12.5 million compared to P39.4 million during the same 3 month period in 2019. The absence of unrealized gain on trading securities and unrealized FX gain, accounted for the bulk of the decrease.

**Expenses.** Consolidated General and Administrative Expenses in the first quarter of 2020 totaled ₱47.8 million compared to ₱8.9 million in the first quarter of 2019. Unrealized loss on financial assets at FVPL of ₱39.5 million accounts for the bulk of the increase as global stock and bond markets were hit hard by the global COVID-19 pandemic.

**Operating Income.** As a result of the factors discussed above, consolidated operating loss in first quarter 2020 totaled ₱35.3 million compared to net income of ₱30.5 million in the same period of 2019.

**Net Income.** The Registrant had a net loss of ₱35.3 million during the first quarter of 2020 compared to net income of ₱30.5 million in the first quarter of 2019. The net loss in the first quarter of 2020 attributable to shareholders of the Company totaled ₱33.8 million while ₱1.5 million in net loss was attributable to minority shareholders in the company's majority owned subsidiary Magellan Capital Holdings Corporation. In the first quarter of 2019, ₱29.0 million net income was attributable to shareholders of the company and ₱1.3 million was attributable to minority shareholders in the Registrant's subsidiary.

## **BALANCE SHEET ACCOUNTS**

Annex "F" shows the Vertical and Horizontal Percentage Analysis of Balance Sheet Account for March 31, 2020 compared to December 31, 2019.

### **ASSETS**

**Current Assets.** Consolidated current assets as of March 31, 2020 totaled ₱853.7 million compared to ₱888.1 million as of December 31, 2019. Most of the decrease was due to decrease in financial assets at FVPL as listed stocks hold by the Registrant decreased due to the lower stock prices in global financial markets caused by the pandemic.

**Receivables from Related Parties.** This account was nil at March 31, 2020, the same level as at year-end 2019.

**Investments in Associates.** This account which consists of investment in Pointwest Technologies Corporation and BPO International, Inc. remained unchanged from year-end 2019 to March 31, 2020 at ₱277.6 million as equity in net earnings of associates is taken up at year-end.

**Financial Assets at FVOCI – Net of Current Portion.** This account which consists mostly of corporate bonds and listed equities totaled ₱293.9 million as of March 31, 2020 from ₱299.9 million at year-end 2019.

**Property and Equipment.** This account totaled ₱6.9 million as of March 31, 2020 compared to ₱7.3 million as of December 31, 2019 due to allowance for depreciation.



**Investment in Property.** This account totaled to P389.1 million as of March 31, 2020 from P391.3 million at year-end 2019 due to additional allowance for depreciation.

**Other Non-Current Assets.** This account totaled P29.1 million as of March 31, 2020, compared to P2.9 million at year-end 2019 as this includes bank deposits pledged as security for a bond.

**Total Assets.** As a result of the foregoing, total assets decreased to P1,860.9 million as of March 31, 2020 from P1,903.9 million as of December 31, 2019.

## **LIABILITIES AND EQUITY**

**Current Liabilities.** Current liabilities was at P29.0 million as of March 31, 2020 compared to P30.6 million at year-end 2019.

**Non-Current Liabilities.** Non-current liabilities which consists mostly of retirement benefit obligation was stable at P21.1 million as of March 31, 2020 the same level as at year-end 2019. The accrual of additional retirement benefit obligation is taken up at year-end based on actuarial studies commissioned at that time.

**Stockholder's Equity.** Total stockholders' equity decreased to P1,810.7 million as of March 31, 2020 from P1,852.2 million at year-end 2019 due to the net loss of P35.3 million generated in the first quarter of 2020. Total equity attributable to stockholders of the company totaled P1,740 million at March 31, 2020 from P1,779.9 million at December 31, 2019 due to the net loss of P33.8 million attributable to stockholders of the company in the first quarter of 2020. Minority interest which represents the share of minority shareholders of Magellan Capital Holdings Corporation was P70.7 million at March 31, 2020 compared to P72.3 million at December 31, 2019 due to their share of net loss generated in the first quarter of 2020 of P1.5 million.

## **Top Performance Indicators**

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

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

**Change in Revenues.** Consolidated revenues in the first quarter of 2020 and 2019 are shown in Annex “B” and presented below in summary form:

(P000)	1 <sup>st</sup> Quarter-2020	Percentage (%)	1 <sup>st</sup> Quarter-2019	Percentage (%)
Interest Income	P 5,492	43.8%	P 7,659	19.4%
Lease Rental Income	6,729	53.7%	6,184	15.7%
Dividend Income	313	2.5%	392	1.0%
Unrealized Gain on trading securities	-	-	21,613	54.8%
Gain on Disposal/Redemption of Financial Assets at FVOCI	-	-	740	1.9%
Net Unrealized FX Gain	-	-	2,763	7.0%
Other Income	-	-	78	0.2%
<b>TOTAL INCOME</b>	<b>P 12,534</b>	<b>100%</b>	<b>P 39,429</b>	<b>100%</b>

Total revenue in the first quarter of 2020 was P12.5 million, P39.4 million in the first quarter of 2019. The absence of unrealized gain on trading securities and unrealized FX gain, accounted the bulk of the decrease as global financial markets were hard hit by the global COVID-19 pandemic.

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

(P000)	1 <sup>st</sup> Quarter 2020	Percentage (%)	1 <sup>st</sup> Quarter 2019	Percentage (%)
Revenues	P 12,534	100%	P 39,429	100%
Expenses	47,826	(281.6%)	8,889	22.5%
Net Income	(35,291)	(181.6%)	30,540	77.5%
Attributable to:				
- Minority Interest	(1,510)	(12.1%)	1,434	3.6%
- Stockholders of Company	(33,781)	(169.5%)	29,106	73.8%

The Registrant realized a net loss of P35.3 million in the first quarter of 2020 compared to a net income of P30.5 million in the first quarter of 2019. Net loss of P33.8 million was attributable to stockholders of the company in the first quarter of 2020 compared to net income of P29.1 million in the first quarter of 2019.

**Earnings per Share.** The net loss per share attributable to shareholders of the Company during the first quarter of 2020 was P0.088 per share compared to net income per share of P0.076 in the first quarter of 2019 due to reasons discussed above.

**Current Ratio.** Current ratio as of March 31, 2020 was 29.4 X compared to 29.9 X as of December 31, 2019.

**Book Value Per Share.** Book value per share as of March 31, 2020 was ₱4.53 per share compared to ₱4.64 as of December 31, 2019.

## **PART II**

### **OTHER INFORMATION**

The Board of Directors of the corporation during its meeting held on February 28, 2020, approved the resolution setting the date of the Annual Stockholders' Meeting on September 28, 2020. The Stockholders will be informed of the venue and time.

In this regard, the record date fixed for determining the list of stockholders entitled to vote at said meeting is August 10, 2020. Accordingly, the transfer books of the Corporation will be closed from August 17, 2020 until August 20, 2020 for the purpose of preparing said list.

## 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 ..... 30 June 2020

**Principal Financial/Accounting Officer/Controller**



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

Date ..... 30 June 2020

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


ANNEX "A"  
Page I

ASSETS	UNAUDITED MARCH 31, 2020	AUDITED DEC. 31, 2019
<i>Current Assets</i>		
Cash and cash equivalents	P 587,959,651	P 582,252,670
Financial assets at fair value through profit or loss	209,194,894	248,646,828
Convertible note receivable	0	0
Receivables-net :		
Advances to Officers & Employees	0	0
Interest Receivable	4,587,553	6,193,246
Dividends Receivable	16,885,116	16,885,116
Receivable from related parties	147,541	388,213
Others	399,500	812,274
Total Receivables	22,019,710	24,278,849
Allowance for impairment losses	961,368	961,368
Total Receivables-Net	21,058,342	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	30,927,378	30,942,818
Prepaid Income Tax	0	0
Others	4,020,228	2,360,984
Total Prepaid expenses and other current assets	34,947,606	33,303,802
Total Current Assets	P 853,742,795	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	293,880,419	299,930,551
Investment in property	389,090,563	391,291,609
Property and Equipment		
Building	20,755,943	20,755,943
Building Improvements	8,764,062	8,764,062
Transportation equipment	10,263,079	10,263,079
Furniture and fixtures	2,875,046	2,875,046
Total	42,658,130	42,658,130
Less: Accumulated depreciation	35,724,640	35,375,009
Net Book Value	6,933,490	7,283,121
Total Property and Equipment	6,933,490	7,283,121
Other non-current assets	29,111,285	29,136,257
Total Non-Current Assets	1,007,121,146	1,015,746,927
<b>TOTAL ASSETS</b>	P <b>1,860,863,941</b>	P <b>1,903,850,010</b>

LIABILITIES & STOCKHOLDERS' EQUITY	UNAUDITED MARCH 31, 2020	AUDITED DEC. 31, 2019
<i>Current Liabilities</i>		
Accounts Payable and accrued expenses		
Accounts payable-trade	0	0
Accounts payable-others	158,927	3,077,153
Withholding taxes payable	218,345	430,326
SSS Premium Payable	15,842	16,262
HDMF Premium Payable	1,896	1,896
Philhealth Premium Payable	10,823	9,096
Deposit Payable	5,679,439	4,375,558
Output Vat Payable	1,067,045	818,142
Accrued expenses	1,629,700	1,610,827
<b>Total Accounts payable and accrued expenses</b>	<b>P 8,782,017</b>	<b>P 10,339,260</b>
Dividends Payable	6,235,209	6,235,209
Income Tax Payable	9,018,761	9,018,761
Provision for legal obligation	5,000,000	5,000,000
<b>Total Current Liabilities</b>	<b>P 29,035,987</b>	<b>P 30,593,230</b>
<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
<b>Total Non-Current Liabilities</b>	<b>21,104,376</b>	<b>21,071,376</b>
<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	(24,728,315)	(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	1,152,196,659	1,185,978,066
<b>Total Equity Attributable to Stockholders of the Company</b>	<b>1,739,976,887</b>	<b>1,779,928,414</b>
Minority Interest	70,746,691	72,256,990
<b>Total Stockholders' Equity</b>	<b>1,810,723,578</b>	<b>1,852,185,404</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>P 1,860,863,941</b>	<b>P 1,903,850,010</b>

See accompanying Notes to Consolidated Financial Statements

Prepared by:

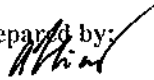
  
ARSENIO T. LIAO  
Accountant

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS PERIOD ENDING MARCH 31, 2020 AND MARCH 31, 2019**

	UNAUDITED MARCH 31, 2020	UNAUDITED MARCH 31, 2019
<b>REVENUES</b>		
<b>Interest Income</b>		
From Banks	P 2,378,614	P 3,549,969
From Securities	3,113,883	4,108,811
<b>Total Interest Income</b>	5,492,497	7,658,780
Unrealized gains on trading securities	0	21,613,040
<b>Rental Income</b>	6,728,702	6,184,437
Gains on disposal /redemption of financial assets at FVOCI	0	740,418
Dividend Income	313,199	391,966
Net unrealized foreign exchange gain	0	2,762,593
Other income	0	78,240
	P 12,534,398	P 39,429,474
<b>EXPENSES</b>		
Net foreign exchange loss	0	0
Unrealized loss on financial assets at FVPL of AFS investments	0	0
Salaries, wages and employees' benefits	2,828,879	2,826,232
Depreciation	2,550,674	2,640,076
Professional fees	559,270	341,770
Condominium dues	806,871	688,492
Repairs and maintenance	0	0
Taxes and licenses	908,031	1,571,842
Entertainment, amusement and recreation	38,263	65,468
Unrealized loss on financial assets at FVPL	39,451,934	0
Others	682,183	754,915
	47,826,105	8,888,795
<b>NET INCOME</b>	P (35,291,707)	P 30,540,679
<b>NET INCOME ATTRIBUTABLE TO:</b>		
<b>STOCKHOLDERS OF THE COMPANY</b>	P (33,781,408)	P 29,106,367
<b>MINORITY INTERESTS</b>	(1,510,299)	1,434,312
<b>EARNINGS PER SHARE</b>	P (0.088)	P 0.076

See accompanying Notes to Consolidated Financial Statements

Prepared by:

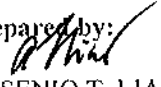
  
**ARSENIO T. LIAO**  
Accountant

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS PERIOD ENDING MARCH 31, 2020 AND MARCH 31, 2019**

	UNAUDITED MARCH 31, 2020	UNAUDITED MARCH 31, 2019
<b>NET INCOME</b>	P (35,291,707)	P 30,540,679
<b>OTHER COMPREHENSIVE INCOME(LOSS)</b>		
Changes in fair value of AFS investments	-	-
Amortization of unrealized losses on changes in fair value of AFS investments		
Unrealized gains on financial assets at FVOCI	(6,170,120)	6,398,384
Impairment loss on AFS investments		
Others		
	(6,170,120)	6,398,384
<b>TOTAL COMPREHENSIVE INCOME(LOSS)</b>	<b>P (41,461,827)</b>	<b>P 36,939,063</b>
<b>TOTAL COMPREHENSIVE INCOME(LOSS)</b>		
<b>ATTRIBUTABLE TO:</b>		
<b>STOCKHOLDERS OF THE COMPANY</b>	<b>P (39,388,736)</b>	<b>P 35,092,110</b>
<b>MINORITY INTERESTS</b>	<b>(2,073,091)</b>	<b>1,846,953</b>
	<b>P (41,461,827)</b>	<b>P 36,939,063</b>

*See accompanying Notes to Consolidated Financial Statements*

Prepared by:

  
**ARSENIO T. LIAO**  
 Accountant



**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND MARCH 31, 2019  
AND THE YEAR ENDED DECEMBER 31, 2019**

	UNAUDITED MARCH 31, 2020	UNAUDITED MARCH 31, 2019	AUDITED DEC. 31, 2019
<b>CAPITAL STOCK</b>			
Balance at beginning of year	P 481,827,653P	481,827,653 P	481,827,653
Issuance of additional shares of stock			
Subscription of additional shares of stock			
Balance at end of period	481,827,653	481,827,653	481,827,653
<b>ADDITIONAL PAID-IN CAPITAL</b>			
Treasury Shares	(101,969,326)	(101,777,276)	(101,969,326)
Unrealized gain on financial assets at FVOCI	(24,728,315)	23,830,570	(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	72,344,371	90,849,242
<b>SHARE IN REVALUATION INCREMENT ON LAND OWNED BY MCHC's SUBSIDIARIES</b>			
<b>RETAINED EARNINGS</b>			
Balance at beginning of period	1,185,978,067	1,230,524,692	1,230,524,692
Net Income	(33,781,408)	29,106,366	32,205,282
Dividends declared			(76,751,907)
Balance at end of period	1,152,196,659	1,259,631,058	1,185,978,067
Minority Interests	70,746,691	74,288,178	72,256,990
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>P 1,810,723,578 P</b>	<b>1,954,488,410 P</b>	<b>1,852,185,405</b>

*See accompanying Notes to Consolidated Financial Statements*

Prepared by:



**ARSENIO T. LIAO**  
Accountant

**F & J PRINCE HOLDINGS CORPORATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS PERIOD ENDING MARCH 31, 2020 AND MARCH 31, 2019**

	UNAUDITED MARCH 31, 2020	UNAUDITED MARCH 31, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	P (33,781,408) P	29,106,367
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority Interest	(1,510,299)	1,434,312
Depreciation and amortization	2,550,676	2,640,078
Net unrealized gains on financial assets at FVOCI	(6,170,120)	6,398,384
Amortization of unrealized loss/gain on FV of AFS inv.		
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	2,259,139	1,012,270
Prepaid expenses and other current assets	(1,643,804)	324,223
Increase (decrease) in accounts payable and accrued expenses	(1,557,243)	2,141,326
<i>Net cash provided by operating activities</i>	<b>(39,853,059)</b>	<b>43,056,960</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions/disposals of property and equipment	0	(1,717)
AFS/HTM investments and financial assets at FVPL		
Financial assets at FVOCI and FVPL	45,502,068	9,659,674
Decrease (increase) in:		
Investment in property	0	0
Other assets	24,972	0
<i>Net cash provided by (used in) investing activities</i>	<b>45,527,040</b>	<b>9,657,957</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in:		
Deposits payable	33,000	
Dividends payable	0	(512,208)
Income tax payable	0	119,999
<i>Net cash provided by (used in) financing activities</i>	<b>33,000</b>	<b>(392,209)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>P 5,706,981 P</b>	<b>52,322,708</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>582,252,670</b>	<b>571,371,026</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>P 587,959,651 P</b>	<b>623,693,734</b>

See accompanying Notes to Consolidated Financial Statements

Prepared by:



ARSENIO T. LIAO  
Accountant

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTERS ENDING JUNE 30, 2019 AND SEPTEMBER 30, 2019**

	UNAUDITED SEPTEMBER 30, 2019	UNAUDITED JUNE 30, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	P 30,038,706	P 39,214,411
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net earnings in associate	0	
Minority interest	2,069,691	1,995,140
Depreciation and amortization	7,897,836	5,271,196
Net unrealized gains on financial assets at FVOCI	6,094,145	5,629,200
Amortization of unrealized loss/gain on FV of AFS inv.		
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	6,387,876	1,723,343
Prepaid expenses and other current assets	(1,479,518)	(1,788,070)
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,130,809)	151,994
<b>Net cash provided by operating activities</b>	<b>49,877,927</b>	<b>52,197,214</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions/disposals of property and equipment	(193,904)	(139,428)
Investment in property		
Financial assets at FVOCI and FVPL	47,154,478	29,561,752
Decrease (increase) in:		
Receivables from related parties		0
Other assets	(13,639,022)	0
<b>Net cash provided by (used in) investing activities</b>	<b>33,321,552</b>	<b>29,422,324</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in:		
Cash dividends declared and paid	0	0
Deferred credits	0	0
Dividends payable	(512,208)	(512,208)
Income tax payable	(1,902,626)	(1,902,626)
<b>Net cash provided by (used in) financing activities</b>	<b>(2,414,834)</b>	<b>(2,414,834)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>P 80,784,645</b>	<b>P 79,204,704</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>571,371,026</b>	<b>571,371,026</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>P 652,155,671</b>	<b>P 650,575,730</b>

**F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDING DECEMBER 31, 2019**

**ANNEX "E"**  
**Page 2**  
**Audited**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax from continuing operations	P	43,743,352
Adjustments for:		
Net unrealized foreign exchange losses (gains)		(7,844,775)
Fair value losses(gains) on financial assets at FVPL		(27,685,974)
Depreciation		10,449,347
Impairment loss on FVOCI investments		640,692
Retirement benefit obligation		1,071,702
Interest income		(36,276,019)
Dividend income		(4,856,887)
Equity in net losses (earnings) of associates		(5,344,072)
Losses/gains on disposal of financial assets at FVOCI		(3,915,722)
Losses/gains on disposal of financial assets at FVPL		(3,435)
Operating loss before working capital changes		(30,021,791)
Decrease (increase) in:		
Receivables		121,644
Receivable from related parties		(21,503)
Prepaid expenses and other current assets		348,419
Increase (decrease) in accounts payable and accrued expense		2,254,373
Increase (decrease) in deposits payable		699,415
Proceeds from disposal of:		
Financial assets at FVPL		7,352,604
Financial assets at FVOCI		94,533,553
Additions to:		
Financial assets at FVPL		(23,571,711)
Financial assets at FVOCI		(7,638,469)
Net cash flows used in operations		44,056,534
Dividends received		33,434,345
Interest received		37,530,186
Income taxes paid		(7,239,176)
Net cash flows from operating activities		107,781,889
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase(decrease) in property and equipment		(9,567)
Increase(decrease) in investment in properties		(189,876)
Increase(decrease) in other non-current assets		(28,392,677)
Net cash flows from (used in) investing activities		(28,592,150)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid		(75,655,719)
Dividends to non-controlling interest		(844,660)
Acquisition of treasury shares		(192,050)
Net cash flows from financing activities		(76,692,429)
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
		8,384,334
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		10,881,644
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		571,371,026
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	P	582,252,670

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

"ANNEX F"

Page 1

	UNAUDITED MARCH 31, 2020	VERTICAL PERCENTAGE ANALYSIS MARCH 31, 2020	AUDITED DEC. 31, 2019	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2019	INCREASE (DECREASE) AMOUNT MARCH 31, 2020	INCREASE (DECREASE) PERCENTAGE ANALYSIS MARCH 31, 2020
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	587,959,651	31.60%	582,252,670	30.58%	5,706,981	0.98%
Financial assets at fair value through fair value thru profit or loss (FVPL)	209,194,894	11.24%	248,646,828	13.06%	(39,451,934)	-15.87%
Short-term investments	-	-	-	-	-	-
Receivables :						
Advances to Officers & Employees	0	0.00%	0	0.00%	0	0.00%
Interest Receivable	4,587,553	0.25%	6,193,246	0.33%	(1,605,693)	-25.93%
Dividends Receivable	16,885,116	0.91%	16,885,116	0.89%	0	0.00%
Receivable from related parties	147,541	0.01%	388,213	0.02%	(240,672)	-61.99%
Others	399,500	0.02%	812,274	0.04%	(412,774)	-50.82%
Total Receivables	22,019,710	1.19%	24,278,849	1.28%	(2,259,139)	-9.30%
Allowance for impairment losses	961,368	-0.05%	961,368	-0.05%	0	0.00%
Total Receivables-Net	21,058,342	1.14%	23,317,481	1.23%	(2,259,139)	-9.69%
Current portion of HTM investments	0	0.00%	0	0.00%	0	0.00%
Current portion of AFS investments	582,302	0.03%	582,302	0.03%	0	0.00%
Prepaid expenses & other current assets:						
Others	4,020,228	0.22%	2,360,984	0.12%	1,659,244	70.28%
Input Tax	30,927,378	1.66%	30,942,818	1.63%	(15,440)	-0.05%
Prepaid Income Tax	0	0.00%	0	0.00%	0	0.00%
Total Prepaid expenses & other current assets	34,947,606	1.88%	33,303,802	1.75%	1,643,804	4.94%
<b>Total Current Assets</b>	<b>853,742,795</b>	<b>45.89%</b>	<b>888,103,083</b>	<b>46.65%</b>	<b>(34,360,288)</b>	<b>-3.87%</b>
<b>Non-current Assets</b>						
Receivables from related parties	0	0.00%	0	0.00%	0	0.00%
Investments in associates	277,599,655	14.92%	277,599,655	14.59%	0	0.00%
Financial assets at FVOCI	293,880,419	15.79%	299,930,551	15.75%	(6,050,132)	-2.02%
Investment in properties	389,090,563	20.91%	391,291,609	20.55%	(2,201,046)	-0.56%
Property and Equipment						
Building	20,755,943	1.12%	20,755,943	1.09%	0	0.00%
Building Improvements	8,764,062	0.47%	8,764,062	0.46%	0	0.00%
Transportation equipment	10,263,079	0.55%	10,263,079	0.54%	0	0.00%
Furniture and fixtures	2,875,046	0.15%	2,875,046	0.15%	0	0.00%
Total Property and Equipment	42,658,130	2.29%	42,658,130	2.24%	0	0.00%
Less: accumulated depreciation	35,724,640	-1.92%	35,375,009	-1.86%	349,631	0.99%
Net Book Value	6,933,490	0.37%	7,283,121	0.38%	(349,631)	-4.80%
Total Property and Equipment	6,933,490	0.37%	7,283,121	0.38%	(349,631)	-4.80%
Deferred income tax assets-net	10,505,734	0.56%	10,505,734	0.55%	0	0.00%
Other Assets -- net	29,111,285	1.56%	29,136,257	1.53%	(24,972)	-0.09%
Total Non-Current Assets	1,007,121,146	54.11%	1,015,746,927	53.35%	(8,625,781)	-0.85%
<b>TOTAL ASSETS</b>	<b>1,860,863,941</b>	<b>100.00%</b>	<b>1,903,850,010</b>	<b>100.00%</b>	<b>(42,986,069)</b>	<b>-2.26%</b>

	UNAUDITED MARCH 31, 2020	VERTICAL PERCENTAGE ANALYSIS MARCH 31, 2020	AUDITED DEC. 31, 2019	VERTICAL PERCENTAGE ANALYSIS DEC. 31, 2019	INCREASE (DECREASE) AMOUNT MARCH 31, 2020	INCREASE (DECREASE) PERCENTAGE ANALYSIS MARCH 31, 2020
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>						
<b>Current Liabilities</b>						
Accounts Payable and accrued expenses						
Accounts payable-trade	0	0.00%	0	0.00%	0	0.00%
Accounts payable-others	158,927	0.00%	3,077,153	0.16%	(2,918,226)	-94.84%
Withholding taxes payable	218,345	0.01%	430,326	0.02%	(211,981)	-49.26%
SSS Premium Payable	15,842	0.00%	16,262	0.00%	(420)	-2.58%
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	5,679,439	0.31%	4,375,558	0.23%	1,303,881	29.80%
Output Vat Payable	1,067,045	0.06%	818,142	0.04%	248,903	30.42%
Accrued expenses	1,629,700	0.09%	1,610,827	0.08%	18,873	1.17%
<b>Total Accounts payable &amp; accrued expenses</b>	<b>8,782,017</b>	<b>0.47%</b>	<b>10,339,260</b>	<b>0.53%</b>	<b>(1,557,243)</b>	<b>-15.06%</b>
Dividends Payable	6,235,209	0.33%	6,235,209	0.33%	0	0%
Income Tax Payable	9,018,761	0.48%	9,018,761	0.47%	0	0%
Provision for legal obligation	5,000,000	0.28%	5,000,000	0.26%	0	0%
<b>Total Current Liabilities</b>	<b>29,035,987</b>	<b>1.56%</b>	<b>30,593,230</b>	<b>1.59%</b>	<b>(1,557,243)</b>	<b>-5.09%</b>
<b>Non-Current Liabilities</b>						
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	0.99%	18,344,610	0.96%	0	0.00%
<b>Total Non-Current Liabilities</b>	<b>21,104,376</b>	<b>1.14%</b>	<b>21,071,376</b>	<b>1.10%</b>	<b>33,000</b>	<b>0.16%</b>
<b>Stockholders' Equity</b>						
Capital stock	481,827,653	25.89%	481,827,653	25.31%	0	0.00%
Additional paid in capital	144,759,977	7.78%	144,759,977	7.60%	0	0.00%
Unrealized gain on fin. assets at FVOCI	(24,728,315)	-1.33%	(18,558,195)	-0.97%	(6,170,120)	33.25%
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	4.88%	90,849,242	4.78%	0	0.00%
Treasury shares	(101,969,326)	-5.48%	(101,969,326)	-5.36%	0	0.00%
Retained earnings	1,152,196,659	61.92%	1,185,978,066	62.30%	(33,781,407)	-2.85%
<b>Total Equity Attributable to Stockholders of the Company</b>	<b>1,739,976,887</b>	<b>93.50%</b>	<b>1,779,928,414</b>	<b>93.51%</b>	<b>(39,951,527)</b>	<b>-2.24%</b>
Minority Interest	70,746,691	3.80%	72,256,990	3.80%	(1,510,299)	-2.09%
<b>Total Stockholders' Equity</b>	<b>1,810,723,578</b>	<b>97.30%</b>	<b>1,852,185,404</b>	<b>97.31%</b>	<b>(41,461,826)</b>	<b>-2.24%</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>1,860,863,941</b>	<b>100.00%</b>	<b>1,903,850,010</b>	<b>100.00%</b>	<b>(42,986,069)</b>	<b>-2.26%</b>

# **F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **1. Corporate Information**

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

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### **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.

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### 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

	March 2020	December 2018
Cash on hand and with banks	₱37,122,629	₱34,519,227
Short-term placements	550,837,022	547,733,443
	<b>₱587,959,651</b>	<b>₱582,252,670</b>

Cash with banks earn interest at the respective bank deposit rates. Short-term placements are fixed rate time deposits denominated in United States (US) dollar and Philippine peso, made for varying periods of up to three months or less, depending on the immediate cash requirements of the Group, 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:

	March 2020	December 2019
Cost:		
Balances at beginning of year	193,570,752	₱174,942,538
Additions		23,571,711
Disposals		(4,943,497)
Balances at end of year	193,570,752	193,570,752
Changes in fair value:		
Balances at beginning of year	55,076,076	29,795,774
Fair value gains (losses)	(39,451,934)	27,685,974
Disposals	-	(2,405,672)
Balances at end of year	15,624,142	55,076,076
	<b>₱209,194,894</b>	<b>₱248,646,828</b>

Dividend income earned on investments in financial assets at FVTPL amounted to P4.0 million, P3.0 million, and P1.4 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 P3.4 thousand, nil and P1.3 million in 2019, 2018 and 2017, respectively.

## 6. Receivables

	March 2020	December 2019
Third parties:		
Accrued interest	P3,200,389	P6,193,246
Rent receivables	1,060,957	595,352
Others	347,453	79,340
Balances at end of year	4,608,799	6,867,938
Less allowance for expected credit losses	961,368	961,368
	<b>P3,647,431</b>	<b>P5,906,570</b>

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

	March 2020	December 2019
Acquisition cost	P193,760,135	P193,760,135
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
	<b>P277,599,655</b>	<b>P277,599,655</b>

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

	March 2020	December 2019
Quoted:		
Debt securities - at fair value, net of allowance for impairment loss of ₱2.1 million in 2019 and 2018	₱217,861,756	₱235,921,149
Equity securities	70,085,088	58,075,827
Unquoted equity securities	6,515,877	6,515,877
	294,462,721	300,512,853
Less current portion	582,302	582,302
	₱293,880,419	₱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	₱23,979,813	₱73,239,857
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	(₱13,073,284)	₱23,979,813

Allowance for expected credit losses on financial assets at FVOCI debt instruments financial assets amounted to ₱2.1 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 ₱18.6 million and ₱17.4 million as of December 31, 2019 and 2018, respectively.

Interest earned on debt securities classified as financial assets at FVOCI amounted to ₱17.4 million and ₱19.5 million in 2019 and 2018, respectively, and interest earned on debt securities classified as AFS financial assets amounted to ₱22.5 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 ₱0.9 and ₱0.7 million in 2019 and 2018, respectively, and dividend income earned on equity securities classified as AFS financial assets amounted ₱1.0 million in 2017.

The Group disposed certain financial assets at FVOCI and recognized a gain from disposal amounting to ₱3.9 million in 2019 and a loss of ₱1.3 million in 2018. The Group recognized a gain from disposal of AFS financial assets amounting to ₱2.2 million in 2017.

## 9. Property and Equipment

	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	March 2020 Total
<b>Cost:</b>					
Balances at beginning of year	20,755,943	8,764,062	10,263,079	2,875,046	42,658,130
Additions	-	-	-	-	-
Balances at end of year	20,755,943	8,764,062	10,263,079	2,875,046	42,658,130
<b>Accumulated depreciation:</b>					
Balances at beginning of year	15,982,389	8,457,827	8,081,213	2,853,580	35,375,009
Depreciation	207,558	17,643	122,655	1,775	349,631
Balances at end of year	16,189,947	8,475,470	8,203,868	2,855,355	35,724,640
Net book values	₱4,565,996	₱288,592	₱2,059,211	₱19,691	₱6,933,490

	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	December 2019 Total
<b>Cost:</b>					
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
<b>Accumulated depreciation:</b>					
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	March 2020 Total
<b>Cost:</b>			
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
<b>Accumulated depreciation:</b>			
Balances at beginning of year	-	50,783,017	50,783,017
Depreciation	-	2,201,046	2,201,046
Balances at end of year	-	52,984,063	52,984,063
Net book values	₱46,319,625	₱342,770,938	₱389,090,563

	Land	Condominium	December 2019 Total
<b>Cost:</b>			
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
<b>Accumulated depreciation:</b>			
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

	March 2020	December 2019
Current portion of deposits payable	₱5,679,439	₱7,063,978
Accounts payable	158,927	388,733
Accrued professional fees	1,629,700	1,588,265
Government payables	1,305,551	1,289,884
Deferred rental income	8,400	8,400
	<b>₱8,782,017</b>	<b>₱10,339,260</b>

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
	<b>₱14,355,311</b>	<b>₱6,065,053</b>	<b>₱13,397,607</b>

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)
	<b>₱10,093,960</b>	<b>₱7,891,624</b>	<b>₱11,378,153</b>

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	P7,613,930	P6,938,927
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)
	<u>4,666,266</u>	<u>1,190,454</u>
<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)
	<u>5,839,468</u>	<u>(5,920,829)</u>
<b>Net deferred income tax assets (liabilities)</b>	<b>P10,505,734</b>	<b>(P4,730,375)</b>

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	P150,796,579	P150,796,579
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
	<u>P250,626,708</u>	<u>P250,626,708</u>

### 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	P0.01	December 8, 1982
Common shares	9,000,000,000	P0.01	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		<b>₱292,610,118</b>
Class B		
Authorized - 400 million shares		
Issued - 189,217,535 shares		<b>189,217,535</b>
		<b>₱481,827,653</b>

#### 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	March 2020	₱395,475	₱150,163	On demand;	Unsecured;
	Dec. 2019	₱1,406,805	₱150,163	noninterest- bearing	Unimpaired
Payroll services expense	March 2020	18,596	-	On demand;	Unsecured;
	Dec. 2019	112,847	-	noninterest- bearing	Unimpaired
Dividends	March 2020	-	16,885,116	On demand;	Unsecured;
	Dec. 2019	13,999,897	16,885,116	noninterest- bearing	Unimpaired
PTC					
Dividends (see Note 9)	March 2020	-	-	On demand;	Unsecured;
	Dec. 2019	15,712,703	-	noninterest- bearing	Unimpaired
MUDC					
Advances	March 2020	17,226	-	On demand;	Unsecured;
	Dec. 2019	55,046	55,046	noninterest- bearing	Unimpaired
<i>Under common control</i>					
Other related parties					
Advances	March 2020	2,700		On demand;	Unsecured;
	Dec. 2019	25,860	320,586	noninterest- bearing	Unimpaired
	March 2020		₱17,035,279		
	Dec. 2019		₱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	P189,185,737	P189,164,234
Dividends receivable	16,885,116	15,749,974
	<b>206,070,853</b>	<b>204,914,208</b>
Allowance for:		
Expected credit losses	188,659,942	188,797,524
Recovery of allowance for impairment losses	-	(137,582)
	<b>188,659,942</b>	<b>188,659,942</b>
	<b>P17,410,911</b>	<b>P16,254,266</b>

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	P8,493,141	P8,493,141	P7,721,038
Other benefits	1,415,524	1,466,732	1,326,840
	<b>P9,908,665</b>	<b>P9,959,873</b>	<b>P9,047,878</b>

## 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	P32,205,281	P12,088,289	P77,729,401
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	<b>P0.08</b>	<b>P0.03</b>	<b>P0.20</b>

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 P25.1 million, P23.2 million, and P20.8 million, in 2019, 2018 and 2017 respectively. Future minimum rental income of P27.7 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 Groups'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)
<b>Total core capital</b>	<b>₱1,710,596,371</b>	<b>₱1,755,335,046</b>

## 19. Changes in Liabilities Arising from Financing Activities

The following shows the changes in the Group's liabilities arising from its financing activities in 2019 and 2018:

	As at January 1, 2020	Cash flows	Dividend declaration	As at March 31, 2020
<b>Dividends payable</b>	<b>₱5,139,021</b>	<b>(₱75,655,718)</b>	<b>₱76,751,906</b>	<b>₱6,235,209</b>

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

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## 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 MARCH 31, 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				500	46,134	46,634
Magellan Capital Corporation	323,387	500				500	323,387	323,887
Magellan Capital Trading Corporation	47,134	500				500	47,134	47,634
Magellan Utilities Development Corp.	0							0
Business Process Outsourcing International	17,100,293	395,475	395,475				17,100,293	17,100,293
Pinamucan Power Corporation	31,206	500				500	31,206	31,706
Pointwest Technologies Corporation	0							0
Others	0							0
	17,548,154	397,475	395,475			2,000	17,548,154	17,550,154