COVER SHEET

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S.E.C. Registration Number

FIRST ABACUS FINANCIAL
HOLDINGS CORPORATION

(Company's Full Name)

E-2902D EAST TOWER PSE CENTER
EXCHANGE ROAD PASIG CITY

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

ATTY. CHESCA RESPICIO

Contact Person

02-667-8900

Company Telephone Number

1	2		3	1

Month Day

Fiscal Year

SEC Form - 17Q

Form Type

June 30, 2021

Month		Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION
SEC Form 17-Q

QUARTERLY REPORT PURSUANT TO THE SECURITIES REGULATIONS CODE OF THE PHILIPPINES

1. For the quarter period ended : **June 30, 2021**

2. SEC Identification Number : **ASO94-001420**

3. BIR Tax Identification Number **:** **043-003-507-219**

4. Exact name of the registrant as specified in its charter**:**
FIRST ABACUS FINANCIAL HOLDINGS CORPORATION

5. **MANDALUYONG CITY, METRO MANILA PHILIPPINES**
Province, Country or other jurisdiction of incorporation

6. **(SEC Use Only)**
Industry Classification Code or Organization

7. Address of principal Office : **Unit E-2902D PSE Center, Exchange Road, Pasig City**

8. Registrant's telephone number, including area code **:** **(632)-634-51-04/10**

9. Former name, former address, and former fiscal year, if changed since last report
Not Applicable

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, P1.00 par value	**1,193,200,000 shares**

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

Yes (x) **No ( )**

12. Check whether the registrant:

(a) has filed all reports required to be filed under Revised Securities Code of the Philippines and 141 of the Corporation Code of the Philippines during the preceding 12 months.

Yes (x) **No ( )**

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

Yes (x) **No ( )**

PART I – Financial Statements

Item 1. Financial Statements

The consolidated financial statements are filed as part of this form 17-Q, companies included in the consolidation are First Abacus Financial Holdings Corporation (FAFHC, the parent company), Abacus Capital and Investment Corporation, Abacus Securities Corporation and the Vista Holdings Corporation.

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations.

Financial Highlights
In thousand pesos except for financial ratios

	Period ended June 30		
	2021	**2020**	**% Change Inc. (Dec.)**
Profit and Loss Data			
Revenues	171,092	123,334	39%
Total Cost and Expenses	247,818	258,196	(4%)
Net income (loss)	(56,784)	(79,615)	29%
EBITDA	79,706	17,140	365%

	Unaudited June 30 2021	**Audited December 31 2020**	**% Change Inc. (Dec.)**
Balance Sheet Data			
Total Assets	6,845,807	6,527,264	4.7%
Total Debt	6,082,560	5,707,826	6.2%
Total Stockholders' Equity	763,247	819,439	(7.4)

The following are the major performance measures that the Company uses. Analyses are employed by comparison and measurement on a consolidated basis based on the financial date on the periods indicated below:

	Unaudited June 30, 2021	**Audited December 31, 2020**
Liquidity:		
Current Ratio	0.71:1	0.70:1
Coverage/Solvency ratios:		
Assets to Equity	8.97:1	7.97:1
Debt to Equity Ratio	7.97:1	6.97:1
Operating Efficiency:	**June 30 2021**	**June 30 2020**
Revenue Growth – Increase (Decrease)	39%	6.8%
Profitability – Increase (Decrease)	29%	2.3%

The manner by which the Company calculates the above indicators is as follows:

Key Performance Indicator	Formula
Current Ratio	Current assets/Current liabilities
Asset to Equity Ratio	Assets / Total stockholders' equity
Debt to Equity Ratio	Total liabilities/Total stockholders'
Revenue Growth	Current period total revenues/Prior period total revenues
Net Income(loss) Growth	Current Period Net Income/Prior Period Net Income

The Performance of the Company

The Philippine economy exited recession in the second quarter, after growing a faster-than-expected 11.8%, according to the Philippine Statistics Authority (PSA). However, a surge in coronavirus disease 2019 (COVID-19) infections driven by the more contagious Delta variant and renewed mobility restrictions are likely to weigh on economic growth for the rest of the year. After five straight quarters of decline, gross domestic product (GDP) jumped by 11.8% in the April to June period, a reversal from the revised 3.9% decline in the first quarter of 2021 and the record 17% contraction in the second quarter of 2020. This marked the first time the Philippine economy posted growth since the fourth quarter of 2019, right before stringent lockdown measures were implemented to curb the spread of COVID-19.

The conditions in the operating environment were mirrored in the performance of the company. The Company was not spared from the effect brought about by the strictest lockdown from late March to mid-April this year, as COVID-19 cases surged. However, the company managed to leverage on its traditional strengths, resulting in a number of improvements being noted on the revenues of the Company during the quarter. The core business of the group saw an improvement during the quarter, with brokers Commission noted at Php44.2 million, or an increase of 44% or Php13.6 million on the same period last year of Php30.6 million. Management and other fees managed to post Php2.5 million during the quarter. There was a recorded loss noted on the sale of financial assets amounting to Php9.3 million during the quarter as compared to the Php34 milllion recorded on the same period last year. Total revenues stood at Php40 million, representing a decrease of Php25.8 million over the Php65.8 million revenues generated over the same period last year.

All considered, consolidated revenues for the first half of the year stood at Php171.1 million, an increase of Php47.8 million from last year's Php123.3 million.

Total costs and expenses for the second quarter was noted at Php95.7 million from the Php121.1 million reported last year. The decrease was brought about by the effect the unrealized loss in value of investments during the quarter, partially offset by the increase of various expenses during the period under review.

Total costs and expenses for the first half of the year was noted at Php247.8 million, representing a decrease of Php10.4 million from last year's Php258.2million. Debt servicing continued to comprise a large chunk of the operating expenses in keeping with the Company's commitment to honor its obligations.

Summing up the Company's performance for the second quarter of the year, the company is reporting a consolidated net loss of Php63.8 million as compared to the Php30.1 million net loss reported for the same period last year. During the first half of the year, the company is reporting a consolidated net loss of Php56.8 million, a slight improvement of Php22.8 million from previous year's Php79.6 million net loss.

During the period under review, there was an increase noted in the total assets amounting to ₱318.5 million, from ₱6,527.3 million in December 2020 to ₱6,845.8 million in June 2021. The increase was brought about by the purchases of available for sale financial assets and additional recognition of other assets during the period, partially offset by the net collection of receivables amounting to Php197.4 million, and net increase in cash balance during the period amounting to Php32 million.

Consequently, there was an increase in total liabilities noted during the period amounting to ₱374.7 million bringing total liabilities to ₱6,083 million in June 2021 from ₱5,708 million in December 2020. The increase was brought about by the additional short-term borrowings amounting to Php415.6 million, and other non-trade payables amounting to Php195.6 million, partially offset by the decrease in trade accounts payable amounting to ₱236.5 million.

The decrease noted in stockholders' equity amounting to ₱56.2 million was due to the net result of the operation and change in value of financial assets at the end of second quarter of the year.

Aside from the discussions above, there are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

PART II – OTHER INFORMATION

The Company and its Subsidiaries have not known of: Any trends, demands, commitments, events or uncertainties that will have a material impact on the company's liquidity; Any trends, events or uncertainties that are reasonably expected to have a material favorable or unfavorable impact on the operations of the issuer; Any significant elements of income and loss that did not arise from the issuer's continuing operations; The Company and its Subsidiaries have no commitments for capital expenditures.

SIGNATURE

Pursuant to the requirements of The Securities Code of the Philippines, this Quarterly Report has been signed by the following directors/officers in the capacities indicated.

By:

PAULINO S. SOO
Chairman and Chief Executive Officer

JACK T. HUANG
President

VICENTE CO CHIEN, JR.
Treasurer

First Abacus Financial Holdings Corp. and Subsidiaries
Consolidated Balance Sheets

ASSETS		(Unaudited) June 30 2021		Audited December 31 2020
Cash	₱	186,175,015	₱	154,124,698
Receivables (Note 7)		2,690,082,449		2,887,478,548
Financial Assets at Fair Value Through Profit or Loss (Note 5)		1,818,293,647		1,364,498,859
Financial Assets at Fair Value Through Other Comprehensive Income (Note 6)		1,889,466,181		1,887,800,656
Property and Equipment (Note 8)		24,353,862		23,834,667
Other Assets (Note 9)		237,435,870		209,526,816
	₱	**6,845,807,025**	₱	**6,527,264,244**

LIABILITIES AND STOCKHOLDERS EQUITY				
Interest-bearing loans and borrowings (Note 12)	₱	5,245,198,884	₱	4,829,600,416
Due to customers (Note 10)		397,705,197		634,175,376
Accounts Payable and Other Liabilities (Note 11)		439,655,946		244,049,903
		6,082,560,027		5,707,825,695
STOCKHOLDERS' EQUITY				
Capital Stock		1,193,200,000		1,193,200,000
Additional Paid In Capital		3,104,800		3,104,800
Treasury stock, at cost (Note 13)		(385,670,581)		(385,670,581)
Revaluation Reserves		1,232,508,694		1,231,916,571
Deficit		(1,279,895,915)		(1,223,112,241)
		763,246,998		819,438,549
	₱	**6,845,807,025**	₱	**6,527,264,244**

See Notes to Financial Statements

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
June 30, 2021

	2021 For the Quarter April - June	2021 Year To Date January- June	2020 For the Quarter April - June	2020 Year To Date January- June
REVENUES				
Commision	₱ 44,209,396	₱ 120,758,131	₱ 30,605,660	₱ 58,782,965
Gain on sale of financial assets	(9,253,713)	40,917,144	34,086,188	62,770,943
Gain in fair value of financial assets	-	-	-	-
Management /Underwriting fees	2,523,666	6,734,746	-	200,000
Interest	998,297	1,055,014	209,342	241,855
Others	1,590,009	1,627,304	941,986	1,338,094
	40,067,654	171,092,338	65,843,175	123,333,855
COST AND EXPENSES				
Finance Costs	61,599,139	132,332,490	74,645,479	132,246,386
Salaries and wages	15,284,149	27,821,118	12,612,069	23,750,903
Commissions	9,713,788	26,072,858	11,193,196	20,595,391
Taxes and Licenses	12,043,806	17,841,559	5,977,704	12,187,056
Depreciation and amortization	3,290,033	6,257,594	3,597,547	7,568,582
Stock and exchange and PCD fees	4,302,997	9,986,370	3,510,928	5,948,828
Unrealized loss in value of financial assets	(24,247,547)	-	2,796,307	36,401,799
Other operating expenses	13,730,725	27,505,800	6,759,820	19,497,431
	95,717,090	247,817,789	121,093,050	258,196,378
INCOME (LOSS) BEFORE TAX	(55,649,436)	(76,725,451)	(55,249,877)	(134,862,523)
INCOME TAX (BENEFIT)	8,193,323	(19,941,778)	(25,140,722)	(55,247,992)
NET INCOME (LOSS)	(63,842,759)	(56,783,673)	(30,109,155)	(79,614,530)
OTHER COMPREHENSIVE INCOME (LOSS)	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	₱ (63,842,759)	₱ (56,783,673)	₱ (30,109,155)	₱ (79,614,530)

First Abacus Financial Holdings Corp. and Subsidiaries
Consolidated Statements of Cash Flows
June 30, 2021

	2021		2020	
	For the Quarter April - June	Year To Date January- June	For the Quarter April - June	Year To Date January- June
CASH FLOWS FROM OPERATING ACTIVITIES				
NET INCOME (LOSS)	₱ (63,842,759)	₱ (56,783,673)	₱ (30,109,155)	₱ (79,614,530)
Adjustments for :				
Finance costs	61,599,139	132,332,490	74,645,479	132,246,386
Depreciation and amortization	3,290,033	6,257,594	3,597,547	7,568,582
Fair value loss (gain) in value of financial assets	-	-	-	-
Loss (gain) in fair value of financial assets	9,253,713	(40,917,144)	(34,086,188)	(62,770,943)
Provision for income tax benefit	8,193,322	(19,941,779)	(25,140,722)	(55,247,992)
Interest income	(75,200)	(90,727)	(43,703)	(54,694)
Operating income before working capital changes	18,418,248	20,856,761	(11,136,741)	(57,873,189)
Net decrease in financial assets at fair value through profit or lo	(344,822,643)	(412,877,644)	46,711,137	123,865,619
Net decrease in receivables	164,754,373	197,396,099	(27,760,912)	337,161,546
Net increase in accounts payable and accrued expenses	114,714,698	(92,305,359)	185,446,739	(148,305,313)
Cash provided by (used in) operating activities	(46,935,324)	(286,930,143)	193,260,223	254,848,663
Interest received	75,200	90,727	43,703	54,694
Interest paid	(48,368,457)	(80,891,267)	(90,029,237)	(120,341,713)
	(95,228,581)	(367,730,683)	103,274,689	134,561,645
CASH FLOWS FROM INVESTING ACTIVITIES				
Net (increase) decrease in financial assets	2,408,285	(1,073,402)	-	-
Net (increase) decrease in property and equipment	(2,223,369)	(6,776,789)	(583,973)	(5,906,024)
Net (increase) decrease in other assets	(10,750,940)	(7,967,277)	(12,853,303)	(6,804,412)
Net cash provided (used in) investing activities	(10,566,024)	(15,817,468)	(13,437,275)	(12,710,435)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net loan availments (payments)	156,017,959	415,598,468	(73,939,515)	(113,890,572)
	156,017,959	415,598,468	(73,939,515)	(113,890,572)
NET INCREASE IN CASH AND CASH EQUIVALENTS	50,223,354	32,050,317	15,897,899	7,960,638
CASH AND CASH EQUIVALENTS, BEGINNING	135,951,661	154,124,698	135,073,862	143,011,125
CASH AND CASH EQUIVALENTS AT THE END	₱ 186,175,015	₱ 186,175,015	₱ 150,971,761	₱ 150,971,761

First Abacus Financial Holdings Corp. and Subsidiaries
Statements of Changes in Equity
June 30, 2021

	For the Quarter April - June	As of June 30, 2021	For the Quarter April - June	As of June 30, 2020
Capital Stock - P1 par value Authorized - 1,800,000,000 shares Issued and Oustanding - 1,193,200,000	P -	P 1,193,200,000	P -	P 1,193,200,000
Additional Paid In Capital	-	3,104,800		3,104,800
Treasury Shares	-	(385,670,581)		(385,670,581)
Changes in Value of Financial Assets	-	1,232,508,694	-	985,726,395
Retained Earnings				
Balance beginning	-	(1,223,112,241)		(1,127,745,272)
Net Income (loss)	(63,842,759)	(56,783,673)	(30,109,154)	(79,614,530)
Balance at the of quarter	(63,842,759)	(1,279,895,914)	(30,109,154)	(1,207,359,802)
TOTAL EQUITY	P (63,842,759)	P 763,246,998	P (30,109,154)	P 589,000,812

FIRST ABACUS FINANCIAL HOLDINGS CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021

1. CORPORATE INFORMATION

First Abacus Financial Holdings Corporation (the "Parent Company") was incorporated in the Philippines and has substantial investments in the following subsidiaries, all of which are incorporated in the Philippines:

	Percentage of Ownership	
	June 30 2021	**December 31 2020**
Abacus Capital and Investment Corp.	**100**	100
Abacus Securities Corporation	**100**	100
Vista Holdings Corporation	**100**	100

The Parent Company and its subsidiaries (the "Group") are primarily involved in investment banking, management advisory services and securities brokerage. The Parent Company's shares of stock are listed at the Philippine Stock Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. The policies have been consistently applied to all years presented, unless otherwise stated.

2.01 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standards (PAS) 1, Presentation of Financial Statements. The Group presents consolidated statements of comprehensive income separate from the consolidated statements of profit or loss.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine pesos, the Group's functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2020 that are Relevant to the Group

The Group adopted for the first time the following PFRS pronouncements which Are mandatory effective for annual periods on or after January 2020:

Conceptual Framework	:	Revised Conceptual Framework for Financial Reporting
PAS 1 and PAS 8	:	Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Materials
PFRS 3 (Amendments)	:	Business Combinations – Definition of a Business
PFRS 7 and PFRS 9	:	Financial Instruments : Disclosures and Financial Instruments – Interest Rate Benchmark Reform

Discussed below and in the succeeding page are the relevant information about these pronouncements.

(i) Revised Conceptual Framework for Financial Reporting. The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. The application of the revised conceptual framework had no significant impact on the Group's consolidated financial statements.

(ii) PAS 1 (Amendments), Presentation of Financial Statements, and PAS 8 (Amendments), Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material. The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other standards that contain definition of material or refer to the term 'material' to ensure consistency. The application of these amendments had no significant impact on the Group's consolidated financial statements. –

(iii) PFRS 3 (Amendments), Business Combinations – Definition of a Business. The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. Also, the amendments will likely result in more acquisitions being accounted for as asset acquisitions. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iv) PFRS 7 (Amendments), Financial Instruments: Disclosures, and PFRS 9 (Amendments), Financial Instruments – Interest Rate Benchmark Reform. The amendments clarify that an entity would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(b) Effective Subsequent to 2020 but are not Adopted Early

There are pronouncements effective for annual periods subsequent to 2020, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PFRS 16 (Amendments), Leases – COVID-19-Related Rent Concessions (effective from June 30, 2020). The amendments permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

(ii) PFRS 3 (Amendments), Business Combination – Reference to the Conceptual Framework (effective from January 1, 2022). The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly changing the requirements in the standard.

(iii) PAS 16 (Amendments), Property, Plant and Equipment – Proceeds Before Intended Use (effective from January 1, 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

(iv) PAS 37 (Amendments), Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract (effective from January 1, 2022). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(v) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Group:

a. PFRS 9 (Amendments), Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities. The improvements clarify the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

b. Illustrative Examples Accompanying PFRS 16, Leases – Lease Incentives. The improvement merely removes potential for confusion regarding lease incentives.

(vi) PAS 1 (Amendments), Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (effective from January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

(vii) PFRS 10 (Amendments), Consolidated Financial Statements, and PAS 28 (Amendments), Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3 between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business.

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company and its wholly owned subsidiaries after elimination of material intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles.

Subsidiaries are entities over which the Parent Company has control. The Parent Company controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date the Parent Company obtains control.

The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities, and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss.

2.4 Business Combinations

Business acquisitions are accounted for using the acquisition method of accounting. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Negative goodwill, which is the excess of the Group's interest in the fair value of net identifiable assets acquired over acquisition cost, is charged directly to profit or loss. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it. If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, Provisions, Contingent Liabilities and Contingent Assets, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2.5 Business Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's management committee; its chief operating decision-maker. The management committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 4, which represent the main products and services provided by the Group. Each of these operating segments is managed separately, as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, Operating Segments, are the same as those used in its financial statements. There have been no changes from prior periods in the measurement methods used to determine reported segment's profit or loss.

2.6 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, Financial Instruments: Presentation. All other non-derivative financial instruments are treated as debt instruments.

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset).

(a) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described below.

(i) Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows("hold-to-collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit losses (ECL).

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash, Receivables, and Clearing and trade guaranty fund (CTGF) under Other Non-current Assets.

For purposes of cash flows reporting and presentation, cash includes cash on hand and demand deposits which are subject to insignificant risk of changes in value.

(ii) Financial Assets at Fair Value Through Other Comprehensive Income

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,
- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Group can make an irrevocable election (on an instrument by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as fair value through profit or loss (FVTPL).

The Group has designated certain equity instruments as at FVOCI on initial recognition.

Financial assets at FVOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity.

When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Deficit account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Any dividends earned on holding equity instruments are recognized in profit or loss, when the Group's right to receive dividends is established; it is probable that the economic benefits associated with the dividend will flow to the Group; and, the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

(iii) Financial Assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include equity securities which are held for trading purposes or designated as at FVTPL.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of Finance Income or Finance Costs accounts in the consolidated statement of profit or loss. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists.

Interest income on financial assets measured at amortized cost is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of profit or loss as part of Finance Income account.

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) Impairment of Financial Assets

The Group assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. Recognition of credit losses is no longer dependent on the Group's identification of a credit loss event. Instead, the Group considers a broader range of information in assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. The Group uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix for applicable receivables. The Group also assesses impairment of receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

The key elements used in the calculation of ECL are as follows:

- Probability of default (PD) – It is an estimate of likelihood of a counterparty defaulting its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.
- Loss given default (LGD) – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral or effect of any credit enhancement.

- Exposure at default (EAD) – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

The Group recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt instruments measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in Revaluation Reserves account, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(c) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.7 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position. The right of set-off must be available at the end of the reporting period; that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.8 Property and Equipment

Property and equipment are carried at cost less accumulated depreciation, amortization and impairment in value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Condominium units	15-25 years
Building improvements	5 years
Transportation equipment	5 years
Computer equipment	3-5 years
Furniture, fixtures and equipment	3-5 years

Prior to the adoption of PFRS 16, transportation equipment held under finance lease agreements are depreciated over their expected useful lives of five years (determined by reference to comparable owned assets) or over the term of the lease, if shorter.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount .

Fully depreciated assets are retained in the accounts until these are no longer in use and no further charge for depreciation is made in respect of those assets.

The residual values, estimated useful lives and method of depreciation of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of profit or loss in the year the item is derecognized.

2.9 Investment Properties

Investment properties (recognized under Other Assets), accounted for under the cost model, are properties held either to earn rental or for capital appreciation or both, but not for sale in the ordinary course of business, use for rendering of services or for administrative purposes.

Investment properties are initially recognized, subsequently measured, and derecognized in the same manner as property and equipment.

Depreciation is computed on a straight-line basis over the estimated useful life of the assets of 25 years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount .

2.10 Other Assets

Other assets pertain to other resources controlled by the Group as a result of past events.

They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

2.11 Intangible Assets

Intangible assets include goodwill, trading right and acquired computer software licenses (presented as part of Other Assets account in the consolidated statement of financial position).

The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition or production.

(a) Goodwill

Goodwill represents the excess of the acquisition cost of the investment over the fair value of identifiable net assets of a subsidiary at the date of acquisition.

Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

(b) Trading Right

Trading right represents the value of the exchange seat, which allows the Group to trade in the PSE. Trading right is assessed as having an indefinite useful life and is tested annually for impairment and carried at cost less accumulated impairment losses.

(c) Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software are expensed as incurred. Capitalized costs are amortized on a straight-line basis over the estimated useful life of three years, as these intangible assets are considered finite.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

2.12 Deferred Oil Exploration Costs

The Group made certain investments in oil exploration projects. The cost of exploration relating to service contract or block area which is still in the exploratory stage are capitalized as Deferred oil exploration costs (shown under the Other Assets account in the consolidated statement of financial position). When a service contract or block area is permanently abandoned, the related deferred oil exploration cost is written off. Service contracts or block areas are considered not permanently abandoned if the service contracts have not yet expired and/or there are ongoing negotiations for further exploration. The carrying amount of the capitalized deferred oil exploration costs is written down to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

2.13 Impairment of Non-financial Assets

The Group's property and equipment, investment properties, deferred oil exploration costs, goodwill, computer software, trading right and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with an indefinite useful life such as goodwill and trading right are tested for impairment at least annually.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash- generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets, except goodwill and trading right, are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss. Impairment losses recognized on goodwill and trading right are not reversed.

2.14 Financial Liabilities

Financial liabilities include interest-bearing loans and borrowings, due to customers, finance lease obligations, and accounts payable and other liabilities (excluding post-employment defined benefit obligation, and tax-related payable).

Financial liabilities are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as expense under the caption of Finance Costs in the consolidated statement of profit or loss.

Interest-bearing loans and borrowings are obtained to support the short-term to long-term funding needs of the Group. They are recognized at proceeds received, net of direct issue costs.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Due to customers, and accounts payable and other liabilities are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method for maturities of more than one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in the consolidated statement of profit or loss.

2.15 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pre-tax rate that reflects market assessments and the risks specific to the obligation. The increase in provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.
In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.16 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Parent Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the Parent Company and close members of the family of any such individual; and, (d) the Group's partially funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

All material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock.

Related party transactions, either individually, or in aggregate over a 12-month period with the same related party amounting to 10% or more of the consolidated total assets based on the latest audited consolidated financial statements entered into are considered material.

2.17 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves comprise accumulated gains and losses due to the revaluation of financial assets at FVOCI and remeasurements of post-employment defined benefit obligation.

Deficit represents all current and prior period results of operations as reported in the consolidated statement of profit or loss.

2.18 Revenue and Expense Recognition

Revenue comprises revenue from rendering of services (i.e., securities brokerage services, financial advisory and underwriting services, and others) measured by reference to the fair value of consideration received or receivable by the Group for services rendered, excluding value-added tax.

To determine whether to recognize revenue, the Group follows a five-step process:

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligations; and,
(5) recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;

(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;

(iii) the payment terms for the goods or services to be transferred or performed can be identified;

(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,

(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The Group enters into transactions involving the rendering of services. There are no significant judgments involved in determining the transaction price, the allocated amounts to and timing of satisfaction of performance obligations since there is only one transaction price specific to one performance obligation in the respective contracts that is satisfied over time.

The transaction price for a performance obligation that is satisfied over time is recognized as revenue as the performance obligation is satisfied. As applicable, customers are invoiced periodically as work progresses, which are also due upon receipt by the customers. Any unbilled amounts at the end of a reporting period for management services are presented in the consolidated statement of financial position as Management fee receivables under the Receivables account as only the passage of time is required before payment of these amounts will be due.

The Group uses the practical expedient in PFRS 15, Revenue from Contracts with Customers, with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized as revenue as the Group's contracts with customers have original expected duration of one year or less.

Commissions from brokerage services, which are recognized as actual revenues and are charged to customers on a transaction-date basis as securities transactions occur; hence, recognized at a point in time.

With respect to commission and fees arising from financial advisory and underwriting services (i.e., negotiating, or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses), revenues are recognized at the completion of the underlying transaction or at a point in time. This also includes management and advisory service fees recognized upon satisfaction of primary transaction. The non-refundable portion of the transaction price specifically identifiable is also recognized at a point in time since there is no performance obligation related to this consideration upon acceptance of the contract and payment of the non-refundable fees by customers.

Costs and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except for capitalized borrowing costs which are included as part of the cost of the related qualifying asset, if applicable.

2.19 Securities Transactions Securities transactions (and related commission income and expense, if applicable) are recorded on a transaction date basis.

2.20 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

(i) Accounting for Leases in Accordance with PFRS 16 (beginning January 1, 2019) For any new contracts entered into on or after January 1, 2019, the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured on a lease-by-lease basis by its carrying amount as if the new standard had been applied since commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. Subsequently, the right-of-use asset is depreciated on a straight-line basis from the date of initial application to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

On the other hand, the Company measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed). Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, right-of-use assets and lease liabilities have been presented as part of Property and Equipment, Interest-Bearing Loans, respectively.

(ii) Accounting for Leases in Accordance with PAS 17- Leases which transfer to the Company substantially all risks and benefits incidental to ownership of the leased item are classified as finance leases and are recognized as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property at the inception of the lease or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance costs are recognized in profit or loss. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Finance lease obligations, net of finance charges, are included in Interest-bearing

Loans and Borrowings account in the statement of financial position. Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific or identified asset or assets and the arrangement conveys a right to use the asset for a period of time in exchange for consideration.

(b) Group as Lessor

Leases wherein the Company substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Company's net investment in the lease.

Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Company's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

2.21 Foreign Currency Transactions and Translation

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates, which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss.

2.22 Employee Benefits

The Group provides benefits to employees through a defined benefit plan, defined contribution plan, and other employee benefits which are recognized as follows:

(a) Short-term Employee Benefits

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees, which are expected to be settled before twelvemonths after the end of the annual reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in the consolidated profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accounts payable and accrued expenses under the Accounts Payable and Other Liabilities account in the consolidated statement of financial position.

(b) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax qualified, non-contributory and administered by a trustee.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rate of zero coupon government bonds based from the reference rate published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL) that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets(excluding amount included in net interest), are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Costs or Finance Income account in the consolidated statement of profit or loss.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(c) Post-employment Defined Contribution Plan

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity such as social security system. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(d) Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12months after the end of the reporting period are discounted to their present value.

(e) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included as part of Accounts payable and accrued expenses under the Accounts Payable and Other Liabilities account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.23 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.24 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or current tax liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for, using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.25 Earnings (Loss) Per Share

Basic earnings (loss) per share is determined by dividing consolidated net profit (loss) by the weighted average number of common shares issued and outstanding during the year, after retroactive adjustment for stock dividend declared, if any, for the current period.

Diluted earnings (loss) per share is computed by adjusting the weighted average number of outstanding common shares to assume conversion of potentially dilutive shares outstanding.

Currently, the Group does not have potentially dilutive shares outstanding; hence, the diluted earnings (loss) per share is equal to the basic earnings (loss) per share.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the judgments discussed below and in the succeeding page, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Going Concern Assumption

When preparing the consolidated financial statements, the management shall make an assessment of the Group's ability to continue as a going concern. An entity shall prepare the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware in making its assessment of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The degree of consideration depends on the facts in each case. Management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate.

(b) Determination of ECL on Receivables

The Group uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., enhancements such as collaterals). The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

(c) Evaluation of Business Model Applied in Managing Financial Instruments

The Group manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows. The Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to, taking into consideration the objectives of each business model established by the Group as those relate to the Group's investment and trading strategies.

(d) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model In determining the classification of financial assets, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument. In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows.

In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessary inconsistent with a held-to collect business model if the Company can explain the reasons for those sales and why those sales do not reflect a change in the Company's objective for the business model.

(e) Distinction Between Operating and Finance Leases

The Group has entered into various lease agreements either as a lessor or lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements.

Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Management has determined that its current lease agreements are operating leases, except for certain finance lease arrangements entered in 2021 covering the Group's transportation equipment.

(f) Distinction Between Investment Properties and Owner-occupied Properties. The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

(g) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish the difference between provisions and contingencies.

3.2 Key Sources of Estimation Uncertainty

Following are the discussion on the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Determination of Appropriate Discount Rate in Measuring Lease Liability

The Group measures its lease liability at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment.

Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Estimation of Allowance for ECL The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses.

(c) Estimation of Useful Lives of Property and Equipment, Investment Properties and Computer Software The Group estimates the useful lives of property and equipment, investment properties and computer software based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment, investment properties and computer software are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and legal or other limits on the use of the assets.

(d) Impairment of Trading Right

Trading right, having an indefinite useful life, is reviewed annually to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Moreover, the Group tests the asset for impairment annually by comparing its recoverable amount with its carrying amount. Any excess of the carrying amount over the recoverable amount is recognized as an impairment loss.

As certified by the PSE as at December 31, 2020 and 2019, the latest transacted price of an exchange for the trading right is P8.5 million, which was based on the latest available published PSE reports dated December 14, 2011. Therefore, based from the comparison of the carrying amount and recoverable amount, the trading right is not impaired.

(e) Fair Value Measurement for Financial Instruments

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. Significant components of fair value measurement were determined using verifiable objective evidence such as foreign exchange rates, interest rates, and volatility rates. However, the amount of changes in fair value would differ if the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect the consolidated profit and loss and other comprehensive income. The Group's financial assets measured at fair value are valued using price quoted in an active market.

(f) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

(g) Impairment of Other Non-Financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

(h) Valuation of Post-Employment Benefit Obligation

The determination of the Group's post-employment defined benefit obligation is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions significantly include, among others, discount rate and salary growth rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

Fair Value Measurement for Investment Properties

The Group's investment properties are composed of condominium units carried at cost at the end of the reporting period. The fair value of investment properties is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at the valuation date. Such amount is influenced by different factors including the location and specific characteristics of the property (e.g., size, features, and capacity), quantity of comparable properties available in the market, and economic condition and behavior of the buying parties. A significant change in these elements may affect prices and the value of the assets.

4. SEGMENT INFORMATION

The group's operating business are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The following tables present revenues and profit information regarding industry segments for the years ended **June 30, 2021** and December 31, 2020 and certain assets and liabilities information regarding industry segments at **June 30, 2021.**

June 30 2021

	Securities Brokerage	Investment Banking	Leasing	Elimination	Group
Revenues:					
External	156,208,181	14,883,698	460	-	171,092,338
Inter-segment	-	17,512,444	4,024,944	(21,537,388)	-
Total revenues	156,208,181	32,396,142	4,025,404	(21,537,388)	171,092,338
Expenses					
External	(84,689,921)	(141,138,072)	(21,989,796)	-	(247,817,789)
Inter-segment	(21,537,388)	-	-	(21,537,388)	-
Total expenses	(106,227,309)	(141,138,072)	(21,989,796)	(21,537,388)	(247,817,789)
Operating Income	49,980,872	(108,741,930)	(17,964,392)	-	(76,725,451)
Net income	38,239,288	(81,549,782)	(13,473,179)	-	(56,783,673)
Segment assets	1,281,123,316	5,694,414,054	1,181,792,336	(1,311,522,682)	6,845,807,025
Segment liabilities	806,511,679	4,861,680,156	907,421,967	(493,053,775)	6,082,560,027

	December 31, 2020				
	Securities Brokerage	**Investment Banking**	**Leasing and Others**	**Elimination**	**Group**
Revenues:					
External	281,111,136	13,874,023	150,641,924	-	**445,627,083**
Inter-segment	-	147,061,262	8,641,218	(155,702,480)	**-**
Total revenues	281,111,136	160,935,285	159,283,142	(155,702,480)	**445,627,083**
Expenses					
Interest expense	30,210,297	246,267,930	42,001,802	(33,354,999)	**285,125,030**
Depreciation and amortization	9,461,134	1,113,259	3,637,598		**14,211,991**
External	144,309,693	51,871,923	1,621,835	-	**197,803,451**
Inter-segment	22,347,481	(280,000)	-	(22,067,481)	**-**
Total expenses	206,328,605	298,973,112	45,028,210	(55,422,480)	**497,140,472**
Operating income	**74,782,531**	**(138,037,827)**	**112,21,907**	**(100,280,000)**	**(51,513,389)**
Net Profit (Loss)	**54,130,133**	**(160,852,080)**	**111,634,978**	**(100,280,000)**	**(95,366,969)**
Segment assets	**1,157,487,837**	**5,376,688,225**	**1,072,366,852**	**(1,079,278,670)**	**6,527,264,244**
Segment liabilities	**721,115,484**	**4,463,426,816**	**784,523,304**	**(261,239,909)**	**5,707,825,695**

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The Group's financial assets at FVTPL are composed of equity securities with a total fair value amounting to **₱1,818,293,647 and ₱1,364,498,859** as of June 30, 2021 and December 31, 2020.

Equity securities included investments in shares of stock of publicly listed entities which are held for trading purposes. These shares are carried at fair value as determined directly by reference to published price quoted in an active market. For investments in shares of stock of publicly-listed entities, which are suspended for trading as of the end of the reporting period, the last transacted price before the suspension was used in the determination of their fair value.

The gain on sale of financial assets amounted to ₱40,917,144 in June 2021 and ₱114,139,548 in December 2020. These are presented as part of Gain on Sale of Investments in Financial Assets.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial Assets at Fair Value Through Other Comprehensive Income pertain to investment in the shares of stock of the following:

	June 30, 2021	December 31, 2020
BCOR	₱1,868,880,900	₱1,868,880,900
Others	20,585,281	18,919,756
	1,889,466,181	₱1,887,800,656

The movements of financial assets at FVOCI are as follows:

	June 30, 2021	December 31, 2020
Balance at beginning of year	₱1,887,800,656	₱1,595,683,936
Unrealized fair value (losses) – net	-	249,276,096
Disposals	-	(22,532,443)
Additions	1,665,525	65,373,067
Balance at end of year	**₱1,889,466,181**	**₱1,887,800,656**

The fair values of financial assets at FVOCI amounting to ₱249.3 million are presented in the 2020 consolidated statement of comprehensive income under items that will not be reclassified subsequently to profit or loss.

7. RECEIVABLES

This account consists of:

	June 30, 2021	December 31, 2020
Customers/brokers	**₱2,176,368,508**	₱2,344,781,271
Equities Margin and other loans	**622,048,194**	616,010,178
Accounts receivable	**145,070,569**	157,687,794
Notes receivable	**72,322,599**	72,322,599
Interest receivables	**68,695,610**	65,141,630
Management fee receivable	**19,550,000**	19,550,000
Others	**14,258,249**	38,915,816
	3,118,313,729	3,314,408,288
Allowance for impairment losses	**(428,231,281)**	(426,929,740)
	₱2,690,082,449	₱2,887,478,548

All receivables of the group have been reviewed for indications of impairment. Management believes that the allowance for impairment is adequate to cover any losses from its receivables.

8. PROPERTY AND EQUIPMENT

This account consists of Condominium Units, Computer Equipment, Leasehold Improvements, Transportation Equipment, and Furniture and Fixtures. As of June 30, 2021 and December 31, 2020, Property and Equipment amounted to **₱24,353,862 and ₱23,834,667** respectively (net accumulated depreciation).

The depreciation of the property and equipment is presented as part of Depreciation and amortization account in the consolidated statements of profit and loss. Depreciation for the period ended June 30, 2021 and December 31, 2020 amounted to ₱6.3 million and ₱14.2 million, respectively.

9. OTHER ASSETS

The breakdown of this account is as follows:

	June 30, 2021	December 31, 2020
Creditable withholding taxes	**₱129,073,169**	₱124,808,032
Goodwill	**84,584,951**	84,584,951
Deferred tax assets – net	**45,806,169**	16,473,336
CTGF	**21,607,977**	20,398,664
Deferred oil exploration costs	**15,418,003**	15,418,003
Prepayments	**1,205,978**	1,940,001
Trading right	**1,408,000**	1,408,000
Others	**3,010,222**	11,114,428
	302,114,469	274,205,414
Allowance for impairment of goodwill	**(49,260,596)**	(49,260,596)
Allowance for non-recoverability of deferred exploration cost	**(15,418,003)**	(15,418,003)
	₱237,435,870	₱209,526,815

10. DUE TO CUSTOMERS

Due to customers arise from the Group's securities brokerage activities. These are normally settled within three days after the respective trading dates and are all non-interest bearing. Management considers the carrying amounts recognized in the consolidated statements of financial position to be reasonable approximation of their fair values. Outstanding balances as of June 30, 2021 and December 31, 2020 amount to ₱397.7 million and ₱634.2 million respectively.

11. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account represents the company's current liabilities and payables to trade creditors, clients, pension liabilities, and the accrual of expenses such as interest, taxes, commissions and bonuses.

	June 30, 2021	December 31, 2020
Due to clearing house	**₱266,054,994**	₱22,787,553
Accounts Payable and accrued expenses	**137,404,783**	152,182,614
Post-employment defined benefit obligation	**29,901,053**	23,858,376
Withholding and other taxes payable	**5,069,279**	27,033,840
Due to non-customers	**-**	14,248,828
Others	**1,225,837**	3,938,692
	₱439,655,946	₱244,049,903

12. INTEREST BEARING LOANS AND BORROWINGS

Loans payable consists of short-term borrowings obtained from local banks and short-term notes payables from various funders. Short-term borrowings bear interest at rates ranging from 3.750% to 6.25% in 2021 and from 4.25% to 6.75 in 2020.

13. TREASURY SHARES

Treasury shares pertain to the Company's stock held by ACIC (Abacus Capital and Investment Corp.) and VHC (Vista Holdings Corp.) at cost.

14. FINANCIAL RISK DISCLOSURE

The Group is exposed to a variety of financial risks which result from both its operating, financing and investing activities. The risk management activities at the level of each company in the Group is coordinated with the Parent Company, in close cooperation with the Board of Directors(BDO), and focuses on actively securing the Group's short-to-medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

Interest Rate Risk

The Group has no significant exposure to changes in market interest rates as most of its short-term financial assets and liabilities are non-interest bearing and its bank loans have fixed annual interest rates.

Foreign Currency Risk

Foreign currency risk arises from potential losses from the changes in the exchanges rates of the Group's foreign currency denominated assets and liabilities.

The Groups seek mitigate the effect of its foreign currency exposure by limiting its foreign currency transactions to the extent possible. The Group does not enter into forward contracts or hedging transactions.

The Group's United States (US) dollar-denominated financial instruments, pertains only to cash in bank, translated into Philippine pesos at the closing rates, amounting to ₱4,644,329 in June 30, 2021 and ₱3,862,912 in December 2020.

The exchange rate used are ₱48.75:US$1 as of June 30, 2021 and ₱48.15:US$1 as of December 31, 2020 .

Credit Risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated balance sheets (or in the detailed analysis provided in the notes to the consolidated financial statements) as summarized below:

	2021	2020
Cash in bank	₱ 186,175,015	154,124,698
Receivables-net	2,690,082,449	2,887,478,548
CTGF	21,607,977	20,398,664
	₱2,897,865,441	**₱3,062,001,910**
	=========	=========

The Group continuously monitors defaults of customer and other counterparties, identified either individual or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

As part of group policy, bank deposits and short-term placements are only maintained with reputable financial institutions. For the determination of credit risk, cash do not include the cash on hand amounting ₱125,000 as of **June 30, 2021**. The Group's cash in bank is covered by a maximum insurance of P250,000, representing insurance coverage in the depository bank of the Group, as provided for under RA No.9302, Charter of Philippine Deposit Insurance Corporation.

Certain receivables of the Group are partially secured by borrowers' collaterals and customer' stocks traded in the PSE that are held by the Group. Other Financial assets are not secured by collateral or other credit enhancements.

Management believes that the amount of the past due or individually impaired receivables, which is shown net of allowance, are still recoverable as the Group's management has regular communication with the debtors for the settlement of the receivables.

In respect of receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Liquidity Risk

The group manages its liquidity needs by carefully monitoring schedules debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

The group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by the Group's ability to sell long-term financial assets.

Other Market Risk

The Group's market price risk arises from its investments carried at fair value (financial assets classified as financial assets at fair value through profit and loss and available for sale financial assets). It manages its risk arising from the changes in market price by monitoring the changes in the market price of the investments.

15. CONTINGENCIES

As of June 30, 2021, there are no pending claims and legal actions by third parties against or involving the Company and its subsidiaries arising from the normal course of business which are not reflected in the accompanying financial statements. In the opinion of the Company's management, as of June 30, 2021 liabilities arising from these claims, if any, would not have a material effect on the Company and its subsidiaries. Any liability or loss arising therefrom would be taken up by the Company and its subsidiaries when the final resolution of the claims and actions are determined.

FIRST ABACUS FINANCIAL HOLDINGS CORP AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
As of June 30, 2021

1. Aging of Accounts Receivable

Type of Receivable	Total	Current			Past Due
		3 days - 1 mo.	2 - 6 Months	7 Mos. - 1 Year	Over One Year
Customers/Brokers/ Clearing house	2,176,368,508	2,165,457,624	-	-	10,910,884
Equity margin loans	622,048,194	-		301,286,568	320,761,627
Notes and interest receivables	286,088,778	-	-	189,530,008	96,558,769
Management fee receivable	19,550,000	-	19,550,000	-	-
Others	14,258,250	-	14,258,249		-
Total	3,118,313,729	2,165,457,624	33,808,249	490,816,576	428,231,281
Less Allowance for doubtful accounts	428,231,281	-	-	-	428,231,281
Accounts Receivable, June 30, 2021	**2,690,082,449**	**2,165,457,624**	**33,808,249**	**490,816,576**	(0)

2. Accounts Receivable Description

Type Receivable
Loans receivable
Short- term loans granted to Individuals and Corporations.
Customers/brokers
Related to stock broking transactions
Clearing House
Related to stock broking transactions
Others
Various receivables like Advances to employees, suppliers and the like.