

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A (Annual Report)

1. For the year : December 31, 2015
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. Pasig City, Philippines
Province, Country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code
7. Unit –E2901 PSE Center, Exchange Road, Pasig City 1605
Address of the principal office Postal Code
8. Registrant's telephone number, including area code
(+632)-6678900
9. Former name, former address, and former fiscal year, if changed since last report
Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code:

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
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<u>Common Stock, P1.00 par value</u>	<u>1,193,200,000 shares</u>
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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 by Section 17 of the Securities Regulation Code(SRC) and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes (x) No ()

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

Yes (x) No ()

13. Aggregate market value of the voting stock held by non-affiliates of the registrant as of **March 31, 2016 : ₱606,273,808** :

- a) Total number of shares held by non-affiliates as of **March 31, 2016 : 866,105,440** shares

- b) Closing price of the Registrant's shares on the Exchange
As of March 31, 2016 : P0.70

- c) Aggregate market price (a x b) as of
As of March 31, 2016 : **₱606,273,808**

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENT PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the registrant has filed all documents and reports required to be filed by Section 17 of the SRC subsequent to the distribution of securities under a plan confirmed by a court or the SEC.

Yes () No () (Not Applicable)

DOCUMENTS INCORPORATED BY REFERENCE

None

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

First Abacus Financial Holdings (FAFHC) traces its roots from the Seven Seas Oil Exploration and Resources, Inc. (SSOERI). Seven Seas was incorporated on February 15, 1994 and became a publicly listed company on November 21, 1994. It was primarily engaged in the business of oil exploration and development. Presently, FAFHC is engaged in, through its wholly subsidiaries, stockbroking activities, investment banking, real estate business and other financial services.

Realizing that the local capital and equities markets have a pivotal role in the long-term development of the national economy, the board of directors decided to change SSOERIS's primary purpose from being an oil exploration company into a financial holding company. Thus, on October 26, 1996, the SSOERI's stockholders approved the recommendations of the board to transform the firm. Consequently, on January 25, 1996, the Securities and Exchange Commission (SEC) approved the Company's change of name from Seven Seas Oil Exploration and Resources, Inc. to First Abacus Financial Holdings Corporation. The SEC likewise approved on January 25, 1996 the change on par value of FAFHC's capital stock from Php0.01 to Php 1.00 a share to remove the issue's speculative characteristic and reflect the stock's shift into a full-fledged commercial/industrial issue.

The Company's first strategic corporate re-alignment move was to acquire the Abacus Capital & Investment Corporation (ACIC)- an operating investment house- via a cash and stock swap. ACIC effectively became a wholly owned subsidiary. ACIC, in turn, owned 100% of Abacus Securities Corporation (ASC), one of the leading members of the Philippine Stock Exchange, and Vista Holdings Corporation (VHC), a real estate holding company.

The Company, through ASC, also acquired 25% of Prosperity Properties and Management Corporation (PPMC), used to own a 16-storey building at the Ayala Business Park in Cebu City. In 1996, the Company acquired from its subsidiaries – ACIC and ASC- interests in VHC and PPMC. This resulted in a direct investment in these companies. In 1999, upon approval by the Securities and Exchange Commission of the increase in authorized capital stock of ASC from Php50 million divided into 500,000 shares with a par value of Php100 per share to Php400 million divided into 4 million shares with Php100 par value per share, the Company subscribed to 3.5 million shares representing 87.525% ownership interest. The remaining 12.475% remained with ACIC. Accordingly, the Company's ownership over ASC was changed from 100% indirect to 87.525% direct and 12.475% indirect.

On December 18, 2002, the Board of Directors approved the conversion of advances to Abacus Capital & Investment Corporation (ACIC) as deposit for future stock subscription amounting to Php100,000,000. In 2008, the Company applied P90,000,000 of its deposit for future stock subscription to paid in capital as payment for the remaining subscriptions for the same amount.

Subsidiaries

Abacus Capital and Investment Corp(ACIC). ACIC was incorporated on January 6, 1995. ACIC is engaged in investment banking activities, management services, and treasury and other financial services.

Abacus Securities Corporation(ASC). ASC was incorporated on December 27, 1991. A member of the Philippine Stock Exchange, ASC is engaged in stock brokering services. It engages in buying and selling stocks in Philippine stock market for the accounts of the clients as a broker and for its own account as a dealer.

Vista Holdings Corporation(VHC). VHC was incorporated on January 21, 1993. Presently, Vista Holdings Corporation is engaged in buying and leasing out condo units primarily to its affiliated companies.

FAFHC's Vision

FAFHC's vision is to provide best value integrated financial services to its clients. In the process, Filipinos from all walks of life are enabled to become a part of the capital and equities market. Toward this end, progress and prosperity have stronger prospects of being shared by all.

Abacus Capital and Investment Corporation (ACIC)

ACIC is financially secure, with capital resources of over 400 million; complemented by a core of investment managers providing highly ethical, professional, and client-oriented investment management services.

ACIC provides the following financial services:

a) Corporate Finance

Equity Underwriting Transactions

- Initial Public Offerings
- Stock Rights Offerings
- New Tranche Offerings
- Private Placements of Listed Companies

Financial Advisory

- Share or corporate acquisitions, Buy-Ins/Mergers/Divestments
- Financial review and Restructuring
- Project Development

Debt Underwriting and Loan Arrangements

- Short, Medium, or Long Term Loan Arrangements
- Short and Long Term Commercial Papers Underwriting
- On-going oversight, issue management, agency functions

b) Treasury sales

- Government Securities
- Treasury Bills
- Long and Short Term Commercial Papers

- Preferred Notes
- Promissory Notes
- Money Market Placements`

c) Financing

- Share Margin
- Working Capital Credit Facilities

Abacus Securities Corporation (ASC)

Due to its commitment for quality service, ASC was awarded the Best Local Brokerage House in the Philippines Award from 1990-2008 granted by the Asiamoney.

ASC was the recipient of the Best Securities House in the Philippines Award granted by the EuroMoney International Awards for Excellence for the past two consecutive years, 1998 and 1999. Likewise, the Fund Managers Association of the Philippines honored ASC with a number of citations including Best in Institutional Sales/ Execution and in Settlements in 1998. The awards put ASC in an enviable position as it proved that local stockbrokerages could prove equal to international stockbroker houses.

ASC started operations in March 1992. In five years, ASC established itself as a top Filipino brokerage firm in PSE. The key factors for ASC's successes are: professional management, sound investment advisory, strong research team, real-time market information, and commitment to technology and training.

All these resulted in a strong retail franchise, a top tier domestic institutional sales organization, and growing foreign institutional sales based. Thus, ASC is now positioned to best serve the expanding domestic equities market. Strategically located branches in Binondo, Cebu and Davao support ASC's Head Office operations.

Abacus Securities Corporation was the second ranking stock brokerage house among the top ten PSE brokers. In past years, the large foreign stockbrokerage houses dominated the top ten list of brokers. ASC believes that it can effectively compete with other brokers because of its strong sales groups, the Retail and Institutional Teams. At present, the firm has one of the most extensive based of retail clients driven by the number of branches established and envisioned to be established. Its Institutional Sales Team, on the other hand, has managed to obtain accreditation and establish active working relationships with a number of domestic institutional investors and foreign fund management companies. ASC also has a Research Group that comes out with action-driven reports and recommendations, a quality admired by most of its clients, and even the other stockbrokers. The registrant has an excellent customer service to service its clients. The company established a website to keep its clients abreast of the new developments in stock market.

For the year ended **2015**, Abacus Securities Corporation ranked **20th** in terms of total value traded.

Vista Holdings Corporation (VHC)

The primary purpose of the Company is to invest in, purchase, or otherwise acquire and own, hold, use, sell (without engaging in retail trade), assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description.

VHC continues with its investment program through the acquisition of condominium units. At present, VHC leases its condominium units its affiliated companies.

Vista is not involved in real estate development.

VHC continues to lease its condominium units to its affiliates. The acquisition of condominium units was put on hold, as property market has not significantly improved.

The Contribution of each services or line of business

	Amounts (In mio)
Finance Income	₱ 175.2
Commissions	150.9
Management fees	40.0
Other revenues	1.6
	₱ <u>367.7</u>

Competition

The direct competitors of the Company and its subsidiaries are companies engaged in stock brokering business and are members of the Philippine Stock Exchange; companies engaged in investment banking, financial and management services, and treasury operations; companies and individual owners of condominium units within the area of Ortigas Center, as properties are located in the Philippine Stock Exchange Center Condominium. The indirect competitors of the Company and its subsidiaries are Financing Institution, Growth Funds, Pension and Pre-need companies.

As to the stock brokerage business segment, the Company and its competitors cater the requirements of both institutional and retail clients of our local stock and financial market. In 2013, a total of Php926.4 trillion were traded or done through the local bourse which were divided among the foreign and local brokers. The total value turnover or total amount of value traded are considered the total size of the registrant and its competitors which broker commissions are generated.

The registrant and its competitors almost offering the same services and strengths. Most of the brokerage and financial houses are fully capitalized, offering services for the needs of the institutional and retail clients, they all have created and established a good backroom support, established a good internal and financial control systems. Just recently, numbers of stock brokerage houses have launched an online trading facility to attract more investors and to give investors the easy access of the trading facility, and to keep them abreast with the local and financial market. Long before competitors have applied, focused and established themselves to catch up with the requirements to be a full-fledged financial and brokerage company, the registrant has long pioneered and can rightfully say was the first to institute those strengths.

The consistent exemplary performance comes as a result of the company's steadfast commitment to deliver the best value to customers through professional management, sound investment advisory, strong research team, real-time market information, and commitment to technology and training.

The Company is now positioned to best serve the expanding domestic equities market. Its branches are now strategically located in Binondo, Cebu and Davao to support the Company's Head Office operations.

Customers

The Company's market for its financial products and services include both retail and institutional customer base. No data is available for brokers commission contributed by foreign nationalities as to the regional market. It must be noted that brokers commissions derived from the marketable securities were all transacted through the Philippine Stock Exchange.

The market for the Company's property development and leasing is primarily the upper income level market.

The Company and its wholly owned subsidiaries are not dependent upon a single customer or few customers. The Company and its subsidiaries do not have a customer that has over 20% or more of the Company's turnover.

Distribution methods of the product services

The Company and its subsidiaries distribute its services to its clientele by or through:

- Certified Sales Representatives (CSRs) are licensed by the Securities and Exchange Commission to transact for the accounts of the clients of our stock broking business.
- Corporate Finance Group is composed of our top caliber professionals in charge in our investment banking, management and financing activities.
- Our brokerage house has just opened its online trading facility to its new and existing clients. With the new online trading scheme, our customers can already view their portfolios online and trade their accounts using their personal phones, tablets and terminals.

Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements or Labor Contracts.

- License granted by the Securities and Exchange Commission (SEC) to Abacus Capital & Investment Corp. as an Investment House.
- License granted to Abacus Securities as a broker and dealer of Securities which is renewable every year

Aside from the above licenses granted, the registrant and its subsidiaries have no pending applications that need for any government approval.

Employees

As of December 31, 2015, the Company and its operating subsidiaries employ 65 permanent employees.

Type Employees	# of Employees	No. of Additional Employees for Ensuing 12 Mos. *	Collective Bargaining Agreement(CBA)	Supplemental Benefits or other incentives
Operations	25	1	N/A	None
Corporate Finance	6	0	N/A	None
Administrative	8	None	N/A	None
Sales	15	0	N/A	None
Accounting & Finance	9	1	N/A	None
Total	63	2		

For the past three years, the Company and its subsidiaries have not experienced any strike or threat of strike from its employees.

Government Approval of Principal products or Services

No existing application needs for government approval

Amount Spent for Research and Development Activities

None

Cost and effects of Compliance with Environmental Laws

Not Applicable

Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks which result from both its operating 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, and focuses on actively securing the Group's short-to-medium cash flows by minimizing the exposure to financial markets. Long-term financial instruments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Item 2. Properties

The following properties are in prime condition directly owned by the Company and its subsidiaries:

Approximately 110 square meters of office space located at Federal Towers, Binondo (through Vista Holdings Corporation). The unit is being occupied by a subsidiary, Abacus Securities Corporation. The lease agreement was renewed for two (2) years and will expire December 31, 2017. The monthly rental is Seventy Eight Thousand Seven Hundred Ten and 02/100 (₱78,710.02).

Approximately 940 square meters of office space located at the 29th Floor of the East Tower of the Philippine Stock Exchange Center (through Vista Holdings Corporation). The unit is being leased by a subsidiary, Abacus Securities Corporation, for a period of two (2) years. The lease agreement will end December 31, 2017 with a monthly rental of Six Hundred Seventy Two Thousand Six Hundred Twelve and 86/100 (₱672,612.86).

Approximately 483 square meters of office space located at the 29th Floor of the East Tower of the Philippine Stock Exchange Center (Direct).

All properties, as stated above, are owned by First Abacus Financial and its wholly owned subsidiaries. All of the Condominium Units stated above were used by the registrant and its subsidiaries to secure the group's bank loans. No limitations have been set by the banks on the properties collateralized, except that when the properties are to be disposed of, proper notice has to be sent to the banks prior its disposal.

The company has no intention of acquiring/leasing additional properties.

Item 3. Legal Proceedings

The Company is not aware of any material proceeding involving the issuer and its directors, executive officers, underwriter or control person during the past five (5) years.

Item 4. Submission of Matters to Vote of Security Holders

No matters were submitted to a vote of the security holders of the Company during the fourth quarter of 2015.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's common equity and related stockholder matters

1) Market Information

The shares of the Company are listed in and traded on the Philippine Stock Exchange. The high and low closing prices for each quarter within the last two (2) fiscal years are as follows:

Applicable Quarter	2015		2014		2013	
	High	Low	High	Low	High	Low
First Quarter	0.84	0.70	0.84	0.78	0.90	0.75
Second Quarter	0.78	0.44	0.92	0.79	0.87	0.74
Third Quarter	0.74	0.64	0.87	0.80	0.84	0.77
Fourth Quarter	0.74	0.64	0.87	0.78	0.84	0.77

During the first quarter of 2016, the issue's highest price per share was at ₱0.73 and its lowest was at ₱0.60. As of the close of trading hours of April 12, 2016, the price at which the Registrant's shares were traded at **Php0.70 per share.**

2) Holders

The number of *common shares* issued and outstanding as of December 31, 2015 was 1,193,200,000. As of December 31, 2015, Registrant had 110 shareholders, on the said date the following were the top 20 shareholders:

	Stockholder	Nationality	No. of Shares	%
1	PCD Nominee Corp. – Filipino	Filipino	813,566,000	68.18
2	Paulino S. Soo	Filipino	133,000,000	11.15
3	Abacus Capital & Investment Corp.	Filipino	59,644,000	4.99
4	PCD Nominee Corp. - Non-Filipino	Foreign	36,713,000	3.08
5	ACIC FAO 20001	Filipino	32,361,000	2.71
6	Edgardo Limtong	Filipino	28,527,000	2.39
7	Phee Bon Kang	Malaysian	20,000,000	1.68
8	Vista Holdings Corp.	Filipino	14,095,000	1.18
9	Cecilio Pedro	Filipino	12,260,000	1.03
10	Jimmy S. Soo	Filipino	10,010,000	0.84
11	Vicente Co Chien Jr.	Filipino	6,130,000	0.51
12	Elizabeth K. Soo	Filipino	6,000,000	0.50
13	Quality Investments & Securities Corp	Filipino	5,850,000	0.49
14	Solar Securities, Inc.	Filipino	4,000,000	0.34
15	Abacus Capital & Investment Corp	Filipino	2,547,000	0.21
16	Uy Louis	Filipino	2,000,000	0.17
17	George Q. Go & Shirley D. Go	Filipino	1,443,000	0.12
18	Quality Investments and Securities Corp	Filipino	500,000	0.04
19	Jack T. Huang	Filipino	500,000	0.04
20	Co Chien, Vicente T. Jr.	Filipino	400,000	.034

3) Dividends

No dividends, neither in cash nor stock were declared on the shares for the last two (2) fiscal years, i.e. 2015 and 2014. There are no restrictions that limit the ability to pay dividends on common equity but the Company, as a general rule, shall only declare from surplus profit as determined by the Board of Directors as long as such declaration will not impair the capital of the Company.

4) Recent sales of Unregistered Securities

No unregistered securities or shares of the Company were sold during the last three (3) years (2015, 2014, and 2013).

Item 6. Management's Discussion and Analysis or Plan of Operation

2015

General Business Environment

It was a very challenging year for the Philippine economy, the local equities market, and consequently, that of the Company, on account of strong external headwinds that once again tested the overall strength and resilience of the foundations painstakingly built in the last decade.

Amidst a global slowdown, the Philippine economy managed to sustain its growth, posting 5.8% GDP for the full year, slightly down from the 6.1% achieved in 2014. The economy was propped up by strong domestic demand, extraordinary government spending with construction alone leaping to 51% during the last quarter of the year, and one of the lowest inflation rates at 1.1%. Although a drag in net exports were partly offset by better performances from the BPO and Tourism sectors, a confluence of factors such as a global selloff amidst lingering concerns about China's economy, a worsening traffic situation in the Metro, the specter of a prolonged El Nino phenomenon, and apprehensions about the 2016 elections pushed the local equities market closer into bear territory towards the end of the 2015.

The Philippine peso fell in the second half of 2015, and so did the stock market, as global funds fled on account of fears about China and a stronger dollar caused by the tightening of US monetary policy. Towards the end of the year the peso had slumped 5 percent to close at 47.06 a dollar on Dec. 29, 2015. Despite hitting its highest ever at slightly over 8,000 points in April 2015, the Philippine Stock Exchange index shed 3.9% in 2015 ending six years of gains. Foreign investors sold \$1.2 billion more shares than they bought in 2015, dragging the PSEi to its first loss since 2008.

Performance of the Company

Conditions in the environment were therefore not favorable for the local equities market, and consequently, for the Company which posted a decline in terms of its overall performance and in its total core revenues for the year under review. Finance income for 2015 stood at Php175.2 million, representing a decline of Php221 million from the Php396.2 million it made in 2014. The decline was exacerbated by the non-recurring gain reported in the previous year. Management fees recorded during the year amounted to Php40 million, which was comparable to the previous year. Expectedly, the brokerage business reported a decline in total commission during the year from Php158.7 to Php150.9 million. All considered, consolidated revenues for the year stood at Php367.7 million, a decrease of Php228.7 million from last year's Php596.4 million. The decrease in total revenues was largely attributed to the lower gain on sale of available for sale financial assets, from Php396.1 million to this year's Php144.4 million, which were included in the finance income during the year.

Total costs and expenses for the year was lower at Php368.9 million, representing a decrease of Php112 million from last year's Php480.9 million. The decrease in total costs and expenses was brought about by the absence of impairment losses recognized this year due to the firm collection efforts made by management. Debt servicing continued to comprise a large chunk of operating expenses in keeping with the company's commitment to honor its obligations.

Notwithstanding the decline across the core revenues, the Company is still proud to report a consolidated net income of Php3.1 million for the year. This represents a significant reduction from the net income of Php110.9 million posted in the previous year, but is also a strong testament to the inherent resilience of the Company.

There was a decrease in total assets noted for the year amounting to Php138.4 million, from Php5,449.4 million in December 2014 to Php5,311 million in December 2015. The decrease in total assets was brought about by the disposal through sale of our available for sale financial assets from last year's Php2,664.8 million to this year Php2,361.5 million, additional collections of our receivables amounting to Php71 million, partially offset by the additional purchases of our financial assets at fair value through profit and loss amounting to Php221 million.

A corresponding increase in total liabilities amounting to Php31 million was also noted during the period under review bringing total liabilities from Php3,158 million to Php3,189 million due to increases in short term borrowings, partially offset by decrease in due to customers and the payments made to non trade customers and short term payables.

There was a decrease also noted in our stockholders equity at the end of the period from last year's Php2,291.2 million to this year's Php2,121.7 million. The decrease in the revaluation reserves of our available for sale financial assets was due to some disposals through sale and the periodic marked to market valuation of the available for sale shares. 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.

The Company remains cautiously optimistic about the prospects of the Philippine economy and the local equities market, which will rebound to better financial performance of the Company moving forward. The Company will continue to intensify efforts to build a financially sustainable business that will be able to successfully ride the cycles of the market. The Company will continue to maintain an effective balance between managing risks and opportunities, solidifying its niches while continuing to expand market reach through new platforms. Operationally, the Company shall continue to be lean without sacrificing ability to provide the best value to customers. As it has continued to do so in the last four years, the Company will keep an eye on outstanding loans, and subsequently, interest cost and expenses. And as in the past, the Company shall draw strength and inspiration from the support and commitment of its various stakeholders.

FINANCIAL RATIOS (SRC Rule 68, as amended October 2011). The following are the Company's financial soundness indicators in two comparative periods :

			31-Dec 2015	31-Dec 2014
CURRENT/LIQUITY RATIO				
	<u>Current Assets</u>	=	1.56:1	1.63:1
	Current Liabilities			
	<u>Quick Assets</u>			
	<u>Current Liabilities</u>	=	1.56:1	1.63:1
The ratio is used to give an idea of the company's ability to pay back its short term liabilities with its short term assets.				
DEBT TO EQUITY RATIO	<u>Debt</u>	=	1.50:1	1.38:1
	Equity			
ASSETS TO EQUITY RATIO	<u>Assets</u>	=	2.50:1	2.38:1
	Equity			
INTEREST RATE COVERAGE RATIO	<u>Earnings before interest and</u>	=	0.05:1	0.01:1

	$\frac{\text{taxes}}{\text{Interest expense}}$	
Interest rate coverage ratio is a measure on how well a company can meet its interest payment obligations.		
NET INCOME GROWTH (DECREASE)	$\frac{\text{Current year net income}}{\text{Previous year net income}}$	= (97%) 828%
<p>Net income growth is a firm's profit for the period. The growth rate of net income is how much the net income changes from one period to another. Management views growth rate of net income to determine if the firm is growing at a sustainable rate.</p>		

2014

General Business Environment

Starting the year off with recovery efforts from the previous year's natural disasters, economic growth slowed from 2013's 7.2 per cent to 6.1 per cent - below government targets but still higher than trend growth and the second fastest in Asia, next only to China. The country withstood the external headwinds of the US Fed taper, Euro zone weakness, a slowing China, and uncertainty from global political tensions with a stable banking system, a well-managed currency, improved trade balance, and sustained broad-based growth. This was confirmed by, and led to credit rating upgrades from Moody's and Standard & Poor's during the year to two notches above investment grade and an affirmation of investment grade rating from Fitch Ratings, with the ratings agencies citing the country's greatly improved debt profile, fiscal management, and favorable growth prospects. An improving employment situation contributed to rising incomes and generally positive consumer and business sentiments. However, weak government spending and slightly higher inflation dampened the momentum for economic growth.

The local capital market reflected the same performance, reaping gains from the improvements in the country's economic fundamentals established in previous years, but encountering some resistance and uncertainty along the way. The PSEi climbed steadily during the first half before moving sideways to close at 7,230.57 by the year's end, generating a 23 per cent return. Powered by net foreign buying and supported by the increasing investment appetite of local institutional funds as well as a growing retail trading activity, the Philippines was among the best performing markets in the region during the year.

Performance of the Company

The Company posted significant improvements in terms of its overall performance and in its total core revenues for the year under review. A three-digit 173% increase in finance income was noted - from Php145 million in 2013 to Php396.2 million in 2014. Management fees recorded during the year amounted to Php40 million, up by Php16.9million compared to the Php23.1 million made in the previous year. However, our brokerage house reported a decline in total commission during the year from Php231.1 to Php158.7 million. All considered, consolidated revenues for the year stood at Php596.4 million, an increase of Php196 million from last year's Php401 million. The increase in total revenues was attributed to the additional gain on sale of available for sale financial assets, from Php143.90 million to this year's Php396.1 million, which were included in the finance income during the year.

Total costs and expenses for the year stood at Php480.9million, representing an increase of Php68.7 million from last year's Php412.2 million. The increase in total costs and expenses during the year was brought about by the increase in our finance costs from Php207.8 million to Php283.6 million. Debt servicing comprised a large chunk of operating expenses in keeping with the company's commitment to honor its obligations.

The Company is proud to report a consolidated net income of Php111 million for the year, representing a substantial improvement of Php126.2 million and effectively reversing the Php15.2 million negative income reported in 2013.

There was a decrease in total assets noted for the year amounting to Php143.6 million, from Php5,593 million in December 2013 to Php5,449 million in December 2014. The decrease in total assets was brought about by the disposal through sale and temporary decline in market value of our financial assets at fair value through profit or loss from last year's Php655.8 million to this year Php494.2 million.

A corresponding increase in total liabilities amounting to Php78 million was also noted during the period under review bringing total liabilities from Php3,080 million to Php3,158 million due to increases in short term borrowings, partially offset by increase in due to customers and the payments made to non trade customers and short term payables.

There was a decrease also noted in our stockholders equity at the end of the period from last year's Php2,512.8 million to this year's Php2,291.2 million. The decrease in the revaluation reserves of our available for sale financial assets was due to some disposals through sale and the periodic marked to market valuation of the available for sale shares. 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.

The Company remains highly optimistic that its financial performance will continue to be stable moving forward as it continues to intensify efforts to build a financially sustainable business. The Company will continue to maintain an effective balance between managing risks and opportunities, solidifying its niches while continuing to expand market reach through new platforms. Operationally, the Company shall continue to be lean without sacrificing ability to provide the best value to customers. As it has continued to do so in the last four years, the Company will keep an eye on outstanding loans, and subsequently, interest cost and expenses. And as in the past, the Company shall draw strength and inspiration from the support and commitment of its various stakeholders.

2013

General Business Environment

Resilience characterized the overall performance of the Philippine Economy in 2013. Despite some volatility in the global financial arena and the trilogy of tragedy that occurred towards the end of the year, namely, the destructive earthquake in the Visayas, the crisis in Zamboanga, and super typhoon Yolanda which cut a swath of destruction across Visayas, the country's actual full year growth as measured by real GDP reached 7.2 per cent, even exceeding government's target range of 6-7 % for the year and surpassing market expectations. The growth drivers were broad based, including a supportive environment characterized by macroeconomic stability, comfortable financial cushions, a sound banking system, and generally buoyant sentiments. In addition, benign inflation dynamics sustained a generally low-interest rate environment which further enabled the country to ride out the pockets of turbulence. These developments were mirrored in the performance of the local capital market. The

upgrade to investment grade of the country's credit ratings by Fitch Ratings, Standard and Poor's, and Moody's drove the index to historic highs, pushing past the 7,000 barrier and reaching 7,392.2 in May. However, volatilities in the global financial market caused mainly by the tapering of the US Federal Reserve's asset buying program and the impact of the trilogy of tragedy towards the second of the year weighed down heavily on the market. The local bourse closed at 5,889.8 index points in end-December 2013, modestly higher by 1.3 percent than the 5,812.7 index points a year ago.

Performance of the Company

Similarly, the Company turned in improvements in overall performance and in its core revenues. Our brokerage house reported a double-digit (36%) increase in commission, representing a year-on-year increase of Php61.4 million, from Php169.9 million to Php231.3 million. Our finance income registered a significant increase of Php64.7 million, from Php80.4 million to Php145.1 million or 81% increase. These came as a result of the improved volumes and activities in the Philippine stock market. Management fees recorded during the year was noted at Php23.1 million, a decrease of Php45.1 million as compared to the Php68.2 million posted last year.

Consolidated revenues for the year stood at Php400.9 million, a modest increase of 21.6% or Php71.3 million from last year's Php329.6 million.

As can be expected, variable costs from additional volumes of trades resulted in higher costs and expenses. Total costs and expenses for the year stood at Php412.2 million, representing an increase of Php63.8 million from last year's Php348.4 million. During the year, there was a temporary decline in the valuation of our marked to market short term investments amounting to Php20million which was included in our current year's total costs and expenses. Without the temporary decline, costs and expenses should only be Php392.2 million or an increase of only 12.6% from last year. As in the past, a large bulk of operating expenses was allocated for debt servicing in keeping with the company's commitment to honor its obligations.

Summing up the Company's performance for the year, there was consolidated net loss registered amounted to Php15.2 million, a decrease of Php4.9 million as compared to the Php10.3 million reported loss last year. Without the temporary decline in the valuation of marked to market short term investments, the company should have reported a consolidated income of almost Php5 million.

There was an increase in total assets noted for the year amounting to Php569 million, from Php5,024 million in December 2012 to Php5,593 million in December 2013. The increase in total assets was due to increase in trade accounts receivable of Php448 million, additional purchases of financial assets of Php105 million, and increase in cash and other assets for the remainder.

A corresponding increase in total liabilities amounting to Php632.8 million was also noted during the period under review bringing total liabilities from Php2,447 million to Php3,080 million due to increases in short term borrowings and bank loans, partially offset by the payments made to trade customers and short term payables.

Due to the sale of our available for sale financial assets, the current year net result, and the temporary decline of our marked to market investment a decrease in the Company's stockholders' equity by Php63.5 million, from Php2,576 million to this year's Php2,513 million is being reported.

Item 7. Financial Statements

The consolidated financial statements and schedules will be submitted upon the completion of audits of our independent auditors, Punongbayan & Araullo.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

For the years 2015, 2014, and 2013, the auditing firm of Punongbayan and Araullo was nominated and appointed by the Board of Directors to conduct the examination of the financial statements of the Company and its Subsidiaries. In compliance with the SEC Memorandum Circular No. 8 Series of 2003, the assignment of Mr. Romualdo P. Murcia, the engagement's partner, shall not exceed five (5) consecutive years.

There have been no changes in or disagreements with accountants on accounting and financial disclosure.

The audit and audit-related fees paid by the Company in the last two (2) years are as follows:

	2015	2014
A. Audit and Audit-related Fees		
1. Audit of the registrant's annual financial statements or services that are normally provided by the external auditor in connection with the statutory and regulatory filings or engagements.	₱2,150,000	₱2,000,000
2. Other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements	-0-	-0-
B. Tax fees	0	0
C. All other fees	-0-	-0-

The Company's Board of Directors reviews and approves the engagement of services of the Company external auditors, who are appointed upon the recommendation of the Audit Committee. Engagement Agreements are executed for every type of engagement, which provides for the scope of the work, timetable, fees, engagement team, etc. for each project.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

The names and ages of all incumbent Directors, elected on **October 15, 2015** during the Annual Stockholders Meeting and are to serve for a term of one (1) year until their successors shall have been elected and qualified, with their business experiences for the past five (5) years:

Position	Name	Citizenship	Age	Year of Assumption of Office	Number of yrs. as Director
Chairman	Paulino S. Soo	Filipino	64	1994 to present	21
President	Jack T. Huang	Filipino	62	1995 to present	20
Treasurer	Vicente Co Chien, Jr.	Filipino	63	1995 to present	20
Director	Jimmy S. Soo	Filipino	58	1995 to present	20
Corp. Sec.	A. Bayani K. Tan	Filipino	61	1994 to present	21
Independent Director	Ma. Therese G. Santos	Filipino	57	2006 to present	9
Independent Director	Jimmy Chua Alabanza	Filipino	71	2008-present	7

Mr. Paulino. Soo **Chairman and Chief Executive Officer**

Mr. Soo holds a Master in Business Administration degree from the University of Pittsburgh Graduate School of Business and Bachelor of Science degree in Industrial Management Engineering from the De La Salle College. He is the President of Philippine Gaming Management Corporation, Berjaya Pizza Phils. Inc., Perdana Land Philippines Inc., Perdana Hotel Philippines Inc., Cosway Philippines Inc., and Bagan Resources PTE Inc.

Mr. Soo is a Director of Berjaya Auto Philippines Inc, Friendster Philippines Inc., Uniwiz Trade Sales Inc., and MOL Accessportal Inc. He is the Treasurer of Kailash PMN Management Corporation.

He is Chairman of Abacus Securities Corporation and Abacus Capital & Investment Corporation (1994-present), Vista Holdings Corporation (1994 - present)

Mr. Jack T. Huang **President**

Mr. Huang is the incumbent President of the Company. He holds a Bachelor of Arts degree in Economics from the Ateneo de Manila University. He is concurrently a director of Abacus Capital & Investment Corporation (1995-present) and Abacus Securities Corporation (1995-present). He is the President of Cebu Business Continuos Forms.(1994-present).

Mr. Vicente Co Chien, Jr.
Treasurer

Mr. Co Chien is the Treasurer of the Corporation. He holds a Bachelor's degree in Business Economics from Hongkong Shue Yan University. He is the President of South Sea Realty and Development Corporation and Providence HealthCare Consultants (1999-present). He is concurrently director of Abacus Capital and Investment Corporation (1995-present), Abacus Securities Corporation (1995-present), Vista Holdings Corporation (1995-present). He is director of JWC Manpower Resources, Inc., Globalbridge Resources Corporation and Oro Peak Inc.

Mr. Jimmy S. Soo
Director

Mr. Soo is a Director of the Company. He obtained his Bachelor of Laws degree from the University of the Philippines and was admitted to the Philippine Bar in 1985. He is the Managing Partner of Soo Gutierrez Leogardo and Lee Law Offices (1992-present). He is currently the Corporate Secretary and a Director of Abacus Capital & Investment Corporation (1995-present) and Vista Holdings Corporation. He is also a Director of Berjaya Pizza Philippines, Inc. He is also an Executive Officer, and/or Director and/or Corporate Secretary of various companies.

Mr. Jimmy Chua Alabanza
Independent Director

Mr. Jimmy Chua Alabanza is a Director of the Company. He is currently the Chairman of Insular Construction and Supply Co (1967 - present) and a Consultant of Seaboard Insurance Company (1990 – present). He received a Bachelor of Science Degree in Management from Ateneo de Manila University in 1967.

Ms. Ma Therese G. Santos
Independent Director

Ms. Ma. Therese G. Santos is a Director of the Company. She is Associate Director/Administrator of Gravitas Prime, Inc. (2007-present). She is an Independent Director, and the Chairman of the Audit and Compliance Committee and Compensation and Remuneration Committee of Music Semiconductors Corporation (2003-present). Ms. Santos has been an independent Management Consultant by profession since 1997. She was the former Vice President for Treasury and Administration of Music Corporation. Ms. Santos was the Director of Finance for United Development Corporation (1991-1993). Ms. Santos received a Bachelor of Science Degree in Chemical Engineering and a Master's in Business Administration degree from the University of the Philippines.

Atty. A. Bayani K. Tan
Director, Corporate Secretary

Mr. A. Bayani K. Tan, 60, Filipino, is a Director and the Corporate Secretary of the Corporation (since May 1994, Publicly Listed). He is also a Director, Corporate Secretary or both of the following reporting and/or listed companies: Asia United Bank Corporation (since February 2014 as Corporate Secretary*, since June 2014 as Director*, Publicly-Listed), Belle Corporation (since May 1994, Publicly Listed), Coal Asia Holdings, Inc. (since July 2012, Publicly-Listed), Destiny Financial Plans, Inc. (since 2003), Discovery World Corporation (since March 2013 as Director, since July 2003 as Corporate Secretary, Publicly-Listed), I-Remit, Inc. (since May 2007, Publicly-Listed), Pacific Online Systems Corporation (since May 2007, Publicly-Listed), Philequity Balanced Fund, Inc. (since March 2010), Philequity Dividend Yield Fund, Inc. (since January 2013), Philequity Dollar Income Fund, Inc. (since March 1999), Philequity Foreign Currency Fixed Income Fund, Inc. (since March 2010), Philequity Fund, Inc. (since June 1997), Philequity Peso Bond Fund, Inc. (since June 2000), Philequity PSE Index Fund, Inc. (since February 1999), Philequity Resources Fund, Inc. (since March 2010), Philequity Strategic Growth Fund, Inc. (since April 2008), Premium Leisure Corporation (since December 1993, Publicly-Listed), TKC Metals Corporation (since February 2007, Publicly-Listed), Tagaytay Highlands International Golf Club, Inc. (since November 1993), Tagaytay Midlands Golf Club, Inc. (since June 1997), The Country Club at Tagaytay Highlands, Inc. (since August 1995), The Spa and Lodge at Tagaytay Highlands, Inc. (since December 1999) and Vantage Equities, Inc. (since January 1993, Publicly-Listed). Mr. Tan is also a Director and the Corporate Secretary of Sterling Bank of Asia Inc. (since December 2006). He is the Managing Partner of the law offices of Tan Venturanza Valdez (since it was established in 1988), Managing Director/President of Shamrock Development Corporation (since May 1988), Director of Destiny LendFund, Inc. (since December 2005) and Pascual Laboratories, Inc. (since March 2014), President of Catarman Chamber Elementary School Foundation, Inc. (since August 2012), Managing Trustee of SCTan Foundation, Inc. (since 1986), Trustee and Treasurer of Rebisco Foundation, Inc. (since April 2013) and Trustee and Corporate Secretary of St. Scholastica's Hospital, Inc. (since February 2011).

Mr. Tan holds a Master of Laws degree from New York University (Class of 1988) and earned his Bachelor of Laws degree from the University of the Philippines (Class of 1980) where he was a member of the Order of the Purple Feather (U.P. College of Law Honor Society) and ranked ninth in his class. Mr. Tan passed the bar examinations in 1981 where he placed sixth. He has a Bachelor of Arts major in Political Science degree from the San Beda College (Class of 1976) from where he graduated Class Valedictorian and was awarded the medal for Academic Excellence.

*As approved by Bangko Sentral ng Pilipinas on December 29, 2014 and March 18, 2016

FAMILY RELATIONSHIP

Paulino S. Soo, Chairman of the Board, is the brother of Jimmy S. Soo, Director

There are no other significant employees.

Involvement in Certain Legal Proceedings

As a result of the delay in the delivery of the facilities of the Universal Leisure Club, Inc., some of its members initiated a Complaint for Estafa (I.S. No. 08K-19713) against ULC, the Universal Rightfield Property Holdings, Inc. and the Universal Leisure Corp., as well as their respective officers and directors, including their former Corporate Secretary, Atty. A. Bayani K. Tan, an incumbent Director and the Corporate Secretary of the Corporation. The Complaint was submitted for resolution in 2009 and was acted upon and dismissed by the City Prosecutor of Manila (OCP) only on March 18, 2013. Complainants belatedly filed motion for reconsideration for which reason, among others, the OCP denied motion on June 16, 2014. A Petition for Review dated March 31, 2014 was filed by the Complainant before the Department of Justice (DOJ). On August 7, 2014, Atty. Tan filed his Comment to the said Petition. In a Resolution dated April 17, 2015, the Petition for Review was denied and the DOJ dismissed the complaint for Estafa.

Except as provided above, the Corporation is not aware of any of the following events wherein any of its directors, nominees for election as director, executive officers, underwriter or control person were involved during the past five (5) years:

- (a) any bankruptcy petition filed by or against any business of which any of the above persons was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the above persons in any type of business, securities, commodities or banking activities; and,
- (c) any finding by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory organization, that any of the above persons has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

The Company and its major subsidiaries and associates are not involved in, nor are any of their properties subject to, any material legal proceedings that could potentially affect their operations and financial capabilities.

Item 10. Executive Compensation

(1) General

All Compensation Covered

Except for executive officers included under the compensation table below, all other executive officers and directors do not receive salaries.

(2) Summary of Compensation Table

The following is a summary of the aggregate compensation paid or accrued during the last two (2) fiscal years, i.e. 2015 and 2014 and to be paid in the ensuing fiscal year 2016 to the Company's Chief Executive Officer and four (4) other mostly highly compensated executive officers who are individually named, and to all other officers and director of the Company as a group:

Name and Principal Function	Fiscal Year	Salary	Bonus	Other Annual Compensation
Paulino S. Soo Chairman and CEO	2014			
	2015			
	2016			
Jack T. Huang President	2014			
	2015			
	2016			
Schubert Caesar C. Austero VicePresident/HRM	2014			
	2015			
	2016			
Sheila Marie Aguilar Vice President	2014			
	2015			
	2016			
Melanio C. Dela Cruz Vice President	2014			
	2015			
	2016			
Total for the Group	2014	7,315,803	1,825,856	-0-
	2015	7,465,963	1,796,760	-0-
	2016	7,589,913	1,921,785	-0-
All Officers As A Group Unnamed	2014	8,514,184	2,129,399	-0-
	2015	8,626,817	2,148,338	-0-
	2016	8,690,709	2,330,199	-0-

(3) Compensation of Directors

(A) Standard Arrangement

The Member of the Board of Directors are not entitled to receive salaries and bonuses

(B) Other Arrangements.

None

(4) Employment Contracts and Termination of Employment and Change-in Control Arrangements.

None

(5) Warrants and Options Outstanding :

None

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership (more than 5%) of Certain Beneficial Owners and Management as of December 31, 2015.

Class	Name and Address record owner and relationship with Issuer	Name of Beneficial Owner and Relationship with Owner	Citizenship	No. of Shares Held	Percentage Of Class
Common	PCD Nominee Corp. 2 nd Floor Makati Stock Exchange Bldg. Ayala Avenue Makati City		Filipino	813,566,000	68.18
Common	Paulino S. Soo (record and beneficial) Chairman and President 29 th Floor Abacus Securities Corp. East Tower PSE Center, Exchange Road, Pasig City	(Same as owner)	Filipino	133,000,000	11.15
Common	**Abacus Capital and Inv. Corp.(record and beneficial); subsidiary and stockholder 29 th Floor East Tower PSE Center, Exchange Road, Pasig City	(Same as owner)	Filipino	59,644,000	5.00
<i>Total</i>				<i>1,006,210,000</i>	<i>84.33</i>

There is no arrangement that may result in a change in control of the registrant and any voting trust holders

*PCD Nominee corporation (“PCDNC”) is a wholly-owned subsidiary of the Philippine Central Depository, Inc. (“PCD”). The beneficial owners of such shares registered under the name of PCDNC are PCD’s participants, who hold the shares in their own behalf or in behalf of their clients. Individual or Group owners reported under PCD Nominee Corporation have less than 10% ownership of the outstanding capital stock of the Corporation.

There are no Individuals or Corporate stockholders who own more than 5% of the Company’s voting securities under PCD Nominee Corporation.

** Mr. Paulino S. Soo, Chairman and President of Abacus Capital and Investment Corporation, directs the voting/disposition of shares held by both Companies.

1. Security Ownership of Management

The following is a summary of the beneficial holdings of the Company's Directors and Executive Officers as of December 31, 2015:

Class	Beneficial Owner	Citizenship	Amount and Nature of Beneficial Ownership [record (r) or beneficial (b)]		Percent of Class
Common	Paulino S. Soo	Filipino	133,000,000	r / b	11.15
-do-	Jack T. Huang	Filipino	500,000	r / b	0.04
-do-	Jimmy S. Soo	Filipino	10,010,000	r / b	0.84
-do-	Vicente Co Chien	Filipino	6,130,000	r / b	0.51
-do-	A. Bayani K. Tan	Filipino	100,000	r / b	0.01
-do-	Ma. Therese G. Santos	Filipino	10,000	r / b	.000
-do-	Jimmy Chua Alabanza	Filipino	10,000	r / b	.000
-do-	All directors and Executive Officers as group unnamed		149,760,000	r / b	12.55

2. Voting Trust Holders of 5% or More

There is no voting trust or similar arrangement

3. Changes in Control

There are no arrangements that may result in a change of control of the registrant and no change of control occurred during the year.

Item 12. Certain Relationship and Related Transactions

Except as provided below, during the last two years, there are no related transactions either direct or indirect with the Company's Board of Directors.

In the normal course of business, the Company grants to and obtains advances from its affiliates. These advances earn interest at rates to the weighted average of the interest rates of the outstanding loans payable to the banks.

There are no transactions with any promoter nor are there any assets to be acquired from a promoter. Registrant has no parent.

PART IV – CORPORATE GOVERNANCE

The Company has been monitoring compliance with SEC Memorandum Circular No.2, Series of 2002, as well as other relevant SEC Circulars and rules on good corporate governance. All directors, officers, and employees complied with all the leading practices and principles on good corporate governance as embodied in the Corporation's Manual. The Company complied with the appropriate performance self-rating assessment and performance evaluation system to determine and measure compliance with the Manual of Corporate Governance.

The Company is not aware of any non-compliance with or deviation from its Manual of Corporate Governance. The Company will continue to monitor compliance with the SEC Rules on Corporate Governance, and shall remain committed in insuring the adoption of other systems and practices of good corporate governance to enhance its value for its shareholders. **Please refer to the attached 2015 ACGR.**

PART V- EXHIBITS AND SCHEDULES

a) Exhibits

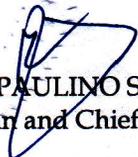
(Please see supplemental financial statements schedules).

SIGNATURE PAGE

Pursuant to the requirements of the Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of _____ on _____, 2016.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION
Issuer

By:


PAULINO S. SOO
Chairman and Chief Executive Officer


JACK T. HUANG
President


VICENTE CO CHIEN, JR.
Treasurer


A. BAYANI K. TAN
Corporate Secretary


JIMMY S. SOO
Director

**REPUBLIC OF THE PHILIPPINES)
PASIG CITY, METRO MANILA) S.S.**

SUBSCRIBED AND SWORN TO before me this APR 28 2016 affiants exhibiting to me their passport number, as follows:

NAMES	CTC/PASSPORT#	DATE OF ISSUE	PLACE OF ISSUE
PAULINO S. SOO	EB2859026	Mar. 20, 2012	Manila
VICENTE CO CHIEN	EC0980214	Apr. 30, 2014	Manila
JACK T. HUANG	EC0314207	Feb. 15, 2014	Cebu City
A. BAYANI K. TAN	XX0650593	June 06, 2012	Manila
JIMMY S. SOO	EB8667237	July 15, 2013	Manila

Doc: No. 116
Page No. 28
Book No. I
Series of 2016.



CHRISTINE MARIE D. ARAGONÉS
Notary Public for and in Cities of Pasig,
San Juan and Municipality of Pateros
Appointment No. 102 (2016-2017)
Commission Expires on December 31, 2016
2704 East Tower, Phil. Stock Exchange Centre
Exchange Road, Ortigas Center, Pasig City
PTR No. 245443 / 01.11.16 / Mandaluyong
IBP No. 1023307 / 01.08.16 / Manila IV Chapter
Roll of Attorneys No. 63280



First Abacus Financial Holdings Corp.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **First Abacus Financial Holdings Corporation** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015 and 2014 in accordance with Philippine Financial Reporting Standards (PFRS), including the Schedule of PFRS and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as of December 31, 2015, an additional supplemental information filed separately from the basic financial statements

Management responsibility on the financial statements includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements, and the additional supplementary information, and submits the same to the stockholders.

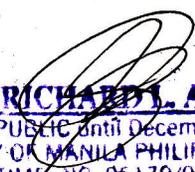
Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the financial statements of the Company in accordance with Philippine Standards on Auditing and, and in its report to the Board of Directors and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.


PAULINO S. SOO
Chairman and Chief Executive Officer


VICENTE CO CHIEN JR.
Treasurer

APR 14 2016
Signed this _____ day of April 2016..

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PAGE NO. 47
BOOK NO. 55
SERIES OF 2016


ATTY. RICHARD L. ANOLIN
NOTARY PUBLIC until December 31, 2016
FOR CITY OF MANILA PHILIPPINES
IBF LIFETIME NO. 05179/02 25 05/MLA.
PTR NO. 4922461 01/05/16 Mia.
Roll No. 33596
MCLE COMPLIANCE NO. IV-00238501 8/16/14
RODULFO ANOLIN AND ASSOCIATES LAW OFFICE
2/F YMGA OF MANILA BLDG
350 ANTONIO VILLEGAS ST.
ERMITA MANILA TEL. 525-05-86
EMAIL ADD: attyrichardanolin@yahoo.com

Report of Independent Auditors

The Board of Directors and the Stockholders
First Abacus Financial Holdings Corporation
Unit 2904-A East Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

We have audited the accompanying consolidated financial statements of First Abacus Financial Holdings Corporation and Subsidiaries (herein after referred to as the Group), which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Certified Public Accountants

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002
SEC Accreditation No. 0002-FR-4

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of First Abacus Financial Holdings Corporation and Subsidiaries as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2015, in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements, which indicates that the Group has accumulated deficit of P531,448,890 and P534,541,515 as of December 31, 2015 and 2014, respectively. The accumulation of significant deficit indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Management is fully confident, however, that the inherent strengths and potentials of the Group and, consequently, its ability to recover from the deficit incurred in years prior to 2014 will be fully realized as the country's general business environment further improves. A number of recent key initiatives to aggressively grow and expand the business and a continuing focus on operational efficiency have resulted in sustained improvements in the financial results of two subsidiaries, namely, Abacus Securities Corporation (ASC), and Abacus Capital and Investment Corporation. Moreover, the launch of ASC's online trading facility is expected to further boost these efforts. In connection with our audit, we have performed sufficient audit procedures to evaluate the reasonableness of management's representations with regard to continuance of the Group's operations. Accordingly, the accompanying consolidated financial statements do not include any adjustments on the recoverability and classification of the assets or the amounts and classification of liabilities arising from this material uncertainty.

PUNONGBAYAN & ARAULLO



By: Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 5321731, January 4, 2016, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-2 (until Sept. 5, 2016)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-22-2013 (until Nov. 7, 2016)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

April 8, 2016

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
<u>A S S E T S</u>			
CASH	7	P 119,556,641	P 114,400,633
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	8	715,166,513	494,228,180
AVAILABLE-FOR-SALE FINANCIAL ASSETS - Net	9	2,361,529,820	2,664,770,691
RECEIVABLES - Net	10	1,788,709,612	1,859,741,250
PROPERTY AND EQUIPMENT - Net	12	51,738,382	61,781,088
DEFERRED TAX ASSETS - Net	21	130,188,403	117,361,573
OTHER ASSETS - Net	13	<u>144,105,543</u>	<u>137,172,949</u>
TOTAL ASSETS		<u>P 5,310,994,914</u>	<u>P 5,449,456,364</u>
<u>LIABILITIES AND EQUITY</u>			
INTEREST-BEARING LOANS AND BORROWINGS	14	P 2,841,164,824	P 2,704,294,373
DUE TO CUSTOMERS	15	201,317,786	300,243,157
ACCOUNTS PAYABLE AND OTHER LIABILITIES	16	<u>146,846,137</u>	<u>153,766,667</u>
Total Liabilities		<u>3,189,328,747</u>	<u>3,158,304,197</u>
CAPITAL STOCK	17	1,193,200,000	1,193,200,000
ADDITIONAL PAID-IN CAPITAL		3,104,800	3,104,800
TREASURY SHARES - At Cost	17	(385,670,581)	(385,670,581)
REVALUATION RESERVES	17	1,842,480,838	2,015,059,463
DEFICIT	1	(<u>531,448,890</u>)	(<u>534,541,515</u>)
Total Equity		<u>2,121,666,167</u>	<u>2,291,152,167</u>
TOTAL LIABILITIES AND EQUITY		<u>P 5,310,994,914</u>	<u>P 5,449,456,364</u>

See Notes to Consolidated Financial Statements.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Notes	<u>2015</u>	<u>2014</u>	<u>2013</u>
INCOME				
Finance income	20	P 175,174,412	P 396,223,941	P 145,083,212
Commissions	2	150,911,555	158,702,503	231,281,697
Management fees	11	40,000,000	40,000,000	23,121,406
Others	11	<u>1,597,804</u>	<u>1,511,477</u>	<u>1,460,927</u>
		<u>367,683,771</u>	<u>596,437,921</u>	<u>400,947,242</u>
EXPENSES				
Finance costs	20	185,841,994	283,638,151	207,857,959
Salaries and employee benefits	18	49,687,157	50,207,288	50,884,731
Commissions		37,020,360	41,953,075	60,203,145
Taxes and licenses		17,149,583	14,355,761	17,213,475
Depreciation and amortization	12, 13	12,758,250	20,928,963	19,658,769
Representation and entertainment		12,392,091	13,070,951	6,412,999
Exchange fees		9,490,996	10,028,870	9,749,947
Communication		8,877,318	9,455,145	9,972,383
Professional fees		6,021,719	4,864,907	5,479,837
Membership fees and dues		5,702,471	4,424,399	5,799,825
Outside services		5,528,794	5,550,505	4,089,113
Transportation and travel		4,339,220	7,413,873	1,319,967
Others	19	<u>14,063,467</u>	<u>14,984,828</u>	<u>13,570,262</u>
		<u>368,873,420</u>	<u>480,876,716</u>	<u>412,212,412</u>
PROFIT (LOSS) BEFORE TAX		(1,189,649)	115,561,205	(11,265,170)
TAX INCOME (EXPENSE)	21	<u>4,282,274</u>	(<u>4,634,463</u>)	(<u>3,973,278</u>)
NET PROFIT (LOSS)		<u>P 3,092,625</u>	<u>P 110,926,742</u>	(<u>P 15,238,448</u>)
Basic and Diluted Earnings (Losses) Per Share	22	<u>P 0.0030</u>	<u>P 0.1086</u>	(<u>P 0.0149</u>)

See Notes to Consolidated Financial Statements.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
NET PROFIT (LOSS)		<u>P 3,092,625</u>	<u>P 110,926,742</u>	<u>(P 15,238,448)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified				
subsequently to profit or loss –				
Remeasurements of post-employment				
defined benefit plan, net of tax	18	2,048,631	695,901	2,062,576
Items that will be reclassified subsequently				
to profit or loss:				
Unrealized fair value gains (losses) on				
available-for-sale financial assets	9	(75,705,489)	(15,959,758)	45,154,375
Realized fair value gains on the disposal of				
available-for-sale financial assets	9	(98,921,767)	(317,333,803)	(95,408,304)
Other Comprehensive Loss		<u>(172,578,625)</u>	<u>(332,597,660)</u>	<u>(48,191,353)</u>
TOTAL COMPREHENSIVE LOSS		<u>(P 169,486,000)</u>	<u>(P 221,670,918)</u>	<u>(P 63,429,801)</u>

See Notes to Consolidated Financial Statements.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Capital Stock <i>(see Note 17)</i>	Additional Paid-in Capital <i>(see Note 17)</i>	Treasury Shares <i>(see Note 17)</i>	Revaluation Reserves <i>(see Note 17)</i>	Deficit <i>(see Note 17)</i>	Total Equity
Balance at January 1, 2015	P 1,193,200,000	P 3,104,800	(P 385,670,581)	P 2,015,059,463	(P 534,541,515)	P 2,291,152,167
Total comprehensive income (loss) for the year	-	-	-	(172,578,625)	3,092,625	(169,486,000)
Balance at December 31, 2015	<u>P 1,193,200,000</u>	<u>P 3,104,800</u>	<u>(P 385,670,581)</u>	<u>P 1,842,480,838</u>	<u>(P 531,448,890)</u>	<u>P 2,121,666,167</u>
Balance at January 1, 2014	P 1,193,200,000	P 3,104,800	(P 385,670,581)	P 2,347,657,123	(P 645,468,257)	P 2,512,823,085
Total comprehensive income (loss) for the year	-	-	-	(332,597,660)	110,926,742	(221,670,918)
Balance at December 31, 2014	<u>P 1,193,200,000</u>	<u>P 3,104,800</u>	<u>(P 385,670,581)</u>	<u>P 2,015,059,463</u>	<u>(P 534,541,515)</u>	<u>P 2,291,152,167</u>
Balance at January 1, 2013	P 1,193,200,000	P 3,104,800	(P 385,670,581)	P 2,395,848,476	(P 630,229,809)	P 2,576,252,886
Total comprehensive loss for the year	-	-	-	(48,191,353)	(15,238,448)	(63,429,801)
Balance at December 31, 2013	<u>P 1,193,200,000</u>	<u>P 3,104,800</u>	<u>(P 385,670,581)</u>	<u>P 2,347,657,123</u>	<u>(P 645,468,257)</u>	<u>P 2,512,823,085</u>

See Notes to Consolidated Financial Statements.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Notes	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax		(P 1,189,649)	P 115,561,205	(P 11,265,170)
Interest expense	20	184,080,391	184,403,786	179,213,236
Depreciation and amortization	12, 13	12,758,250	20,928,963	19,658,769
Interest income	20	(245,427)	(123,179)	(1,138,635)
Operating profit before working capital changes		195,403,565	320,770,774	186,468,200
Decrease (increase) in financial assets at fair value through profit or loss		(220,938,333)	150,857,012	(98,025,866)
Decrease (increase) in available-for-sale financial assets		128,613,615	(430,159,318)	(7,047,378)
Decrease (increase) in receivables		71,031,638	19,438,834	(448,512,948)
Increase in other assets		(16,309,331)	(7,099,926)	(39,991,315)
Increase (decrease) in due from/to customers		(98,925,371)	80,101,236	(54,673,929)
Increase (decrease) in accounts payable and other liabilities		(3,912,206)	(101,181,951)	93,632,231
Cash generated from (used in) operations		54,963,577	32,726,662	(368,151,005)
Interest received	20	245,427	123,179	744,109
Cash paid for taxes		(32,590)	(62,472)	(73,636)
Net Cash From (Used in) Operating Activities		55,176,414	32,787,369	(367,480,532)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	12	(1,850,772)	(1,328,075)	(11,316,095)
Proceeds from disposal of property and equipment	12	-	860,000	-
Net Cash Used in Investing Activities		(1,850,772)	(468,075)	(11,316,095)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from additional loans and borrowings	14	868,561,669	651,067,592	603,422,080
Repayments of loans and borrowings		(731,691,219)	(568,179,219)	(15,199,122)
Interest paid	14	(185,040,084)	(167,447,261)	(173,141,488)
Net Cash From (Used in) Financing Activities		(48,169,634)	(84,558,888)	415,081,470
NET INCREASE (DECREASE) IN CASH		5,156,008	(52,239,593)	36,284,843
CASH AT BEGINNING OF YEAR		114,400,633	166,640,227	130,355,384
CASH AT END OF YEAR		P 119,556,641	P 114,400,633	P 166,640,227

See Notes to Consolidated Financial Statements.

**FIRST ABACUS FINANCIAL HOLDINGS CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)**

1. CORPORATE MATTERS

1.01 Corporate Information

First Abacus Financial Holdings Corporation (the Parent Company) was incorporated and registered with the Philippines Securities Exchange Commission on February 15, 1994. The Parent Company wholly owns the following subsidiaries (together herein referred to as the Group), all of which are incorporated in the Philippines:

<u>Subsidiaries</u>	<u>Nature of Business</u>
Abacus Capital & Investment Corporation (ACIC)	Investment banking
Abacus Securities Corporation (ASC)	Securities brokerage
Vista Holdings Corporation (VHC)	Leasing

The Parent Company's transactions consist mainly of regular financial support granted to related parties to carry out their respective business operations. The Parent Company's shares of stock are listed at the Philippine Stock Exchange (PSE).

The Group's registered office, which is also its principal place of business, is located at Unit 2904-A East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

1.02 Status of Operations

The Group has an accumulated deficit of P531,448,890 and P534,541,515 as of December 31, 2015 and 2014, respectively. The accumulation of significant deficit indicates the existence of a material uncertainty, which may cast significant doubt on the Group's ability to continue as a going concern. Management is fully confident, however, that the inherent strengths and potentials of the Group and, consequently, its ability to recover from the deficit incurred in years prior to 2014 will be fully realized, as the country's general business environment further improves. A number of recent key initiatives to aggressively grow and expand the business and a continuing focus on operational efficiency have resulted in sustained improvements in the financials of ASC and ACIC. Moreover, the launch of the ASC's online trading facility is expected to further boost these efforts.

1.03 Approval of Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2015 (including the comparative consolidated financial statements as of December 31, 2014 and for the years ended December 31, 2014 and 2013) were authorized for issue by the Parent Company's Chairman of the Board of Directors (BOD) and Chief Executive Officer on April 8, 2016.

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 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 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.

2.02 Adoption of Amended PFRS

(a) Effective in 2015 that are Relevant to the Group

The Group adopted for the first time the following amendment and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after July 1, 2014, for its annual reporting period beginning January 1, 2015:

PAS 19 (Amendment)	:	Employee Benefits – Defined Benefit Plans – Employee Contributions
Annual Improvements	:	Annual Improvements to PFRS (2010-2012 Cycle), and PFRS (2011-2013 Cycle)

Discussed below and in the succeeding page are the relevant information about these amended standard and interpretation.

- (i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions*. The amendment clarifies that if the amount of the contributions to defined benefit plans from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit. The amendment did not have a significant impact on the Group's financial statements since the Group's defined benefit plan does not require employees or third parties to contribute to the benefit plan.
- (ii) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Group but had no material impact on the Group's consolidated financial statements as these amendments merely clarify the existing requirements.

Annual Improvements to PFRS (2010-2012 Cycle)

- PAS 16 (Amendment), *Property, Plant and Equipment*, and PAS 38 (Amendment), *Intangible Assets*. The amendments clarify that when an item of property, plant and equipment and intangible asset is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.
- PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the management entity to its employees or directors.

- PFRS 8 (Amendment), *Operating Segments – Aggregation of Operating Segments, and Reconciliation of the Total of the Reportable Segments’ Assets to the Entity’s Assets*. The amendment requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. It further clarifies the requirement to disclose for the reconciliations of segment assets to the entity’s assets if that amount is regularly provided to the chief operating decision maker.

Annual Improvements to PFRS (2011-2013 Cycle)

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of and accounted for in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, or PFRS 9, *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32, *Financial Instruments: Presentation*.
- PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3, *Business Combinations*, and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires an entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of asset in accordance with PAS 40 or a business combination in accordance with PFRS 3.

(b) *Effective in 2015 that are not Relevant to the Group*

The following annual improvements to PFRS are mandatory for accounting periods beginning on or after July 1, 2014 but are not relevant to the Group’s consolidated financial statements:

PFRS (2010-2012 Cycle)	
PFRS 2 (Amendment)	: Share-based Payment – Definition of Vesting Condition
PFRS 3 (Amendment)	: Business Combinations – Accounting for Contingent Consideration in a Business Combination
PFRS (2011-2013 Cycle)	
PFRS 3 (Amendment)	: Business Combinations – Scope Exceptions for Joint Ventures

(c) *Effective Subsequent to 2015 but not Adopted Early*

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2015 which are adopted by the FRSC. Management will adopt the relevant pronouncements in accordance with their transitional provisions, which are presented in the succeeding pages; and, unless otherwise stated, none of these are expected to have significant impact on the Group’s consolidated financial statements.

- (i) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different nature or functions. Moreover, the amendment clarifies that an entity's share of other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.
- (ii) PAS 16 (Amendment), *Property, Plant and Equipment*, and PAS 38 (Amendment), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendment to PAS 38 introduces a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated. The amendment also provides guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.
- (iii) PFRS 10 (Amendment), *Consolidated Financial Statements*, and PAS 28 (Amendment), *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 amendment to PFRS 10 requires 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, *Business Combinations*, 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 or contribution of assets that do not constitute a business. Corresponding amendment has been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

- (iv) PFRS 10 (Amendment), *Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception* (effective from January 1, 2016). This amendment confirms that the exemption from preparing consolidated financial statements continues to be available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures its interest in all its subsidiaries at fair value in accordance with PFRS 10. The amendment further clarifies that if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are to provide services that are related to the investment activities of the investment entity parent, the latter shall consolidate that subsidiary.
- (v) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:
- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
 - an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,
 - a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements, which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

Management is currently assessing the impact of PFRS 9 (2014) on the consolidated financial statements of the Group and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

- (vi) Annual Improvements to PFRS (2012-2014 Cycle) (effective from January 1, 2016). Among the improvements, the following amendments are relevant to the Group but management does not expect these to have material impact on the Group's consolidated financial statements:
- PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to “service” financial assets is considered to be a continuing involvement in those assets for the purpose of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.
 - PAS 19 (Amendment), *Employee Benefits*. The amendment clarifies that the currency and term of the high quality corporate bonds, which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

2.03 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company and its wholly owned subsidiaries, ACIC, ASC and VHC, 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 acquiree 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.

2.04 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 net fair value of net identifiable assets acquired over acquisition cost is charged directly to income.

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 the 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.

2.05 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 6, 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 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.

2.06 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. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification and Measurement of Financial Assets

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity investments and available-for-sale (AFS) financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and the related transaction costs are recognized in profit or loss. A more detailed description of the categories of financial assets relevant to the Group is as follows:

(i) Financial Assets at FVTPL

This category includes financial assets that are either classified as held for trading or that meets certain conditions and are designated by the entity to be carried at fair value through profit or loss upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments.

Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at fair value through profit or loss) may be reclassified out of FVTPL category if they are no longer held for the purpose of being sold or repurchased in the near term.

(ii) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables.

The Group's financial assets categorized as loans and receivables are presented as Cash and Receivables in the consolidated statement of financial position. Cash includes cash on hand and bank deposits which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any.

(iii) *AFS Financial Assets*

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include listed equity securities and club shares.

All financial assets within this category are subsequently measured at fair value, except for equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost, less impairment loss, if any. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss.

When the financial asset is disposed of or is determined to be impaired, that is, when there is a significant or prolonged decline in the fair value of the security below its cost, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income even though the financial asset has not been derecognized.

(b) *Impairment of Financial Assets*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. The Group recognizes impairment loss based on the category of financial assets as follows:

(i) *Carried at Amortized Cost – Loans and Receivables*

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in profit or loss.

(ii) *Carried at Cost – AFS Financial Assets*

If there is objective evidence of impairment for any of the unquoted equity instruments that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and required to be settled by delivery of such an unquoted equity instrument, impairment loss is recognized. The amount of impairment loss is the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

(iii) *Carried at Fair Value – AFS Financial Assets*

When a decline in the fair value of an AFS financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss – measured as the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is reclassified from Revaluation Reserves to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. Reversal of impairment losses is recognized in other comprehensive income, except for financial assets that are debt securities, which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

(c) *Items of Income and Expense Related to Financial Assets*

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Income or Finance Costs in the consolidated statement of profit or loss.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

(d) *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.

2.07 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount 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.

2.08 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

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 (see Note 2.13).

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.

2.09 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 initially recognized and subsequently derecognized in the same manner as property and equipment (see Note 2.08).

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

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 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 date of acquisition. Goodwill is carried at amortized cost up to the date of transition to PFRS, less any impairment in value. Goodwill is subject to annual test for impairment whether there is an objective evidence of impairment or not (see Note 2.13).

(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 (see Note 2.13).

(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 (see Note 2.13).

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 (see Note 2.13).

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 are not reversed.

2.14 Financial Liabilities

Financial liabilities include interest-bearing loans and borrowings, due to customers and accounts payable and other liabilities (excluding retirement benefit obligation and taxes-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 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, 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 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 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 commitment 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 Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Company 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 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.

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 gains and losses due to the revaluation of AFS financial assets and remeasurements of retirement 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 measured by reference to the fair value of consideration received or receivable by the Group for services rendered, excluding value-added tax (VAT).

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Group; and, the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

- (a) *Rendering of services (commissions, underwriting fees, financial and management advisory fees)* – Revenue is recognized when contractually agreed tasks have been substantially rendered.
- (b) *Gain on sale of investments* – Revenue is recognized when the ownership of the securities is transferred to the buyer (at an amount equal to the excess of the selling price over the carrying amount of securities).
- (c) *Interest* – Revenue is recognized as the interest accrues taking into account the effective yield on the assets.
- (d) *Rental* – Revenue is recognized on a straight line basis over the lease term.

Costs and expenses are recognized in the consolidated statement of profit or loss upon utilization of services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except for borrowing costs capitalized as part of the cost of any qualifying asset (see Note 2.23).

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* – Leases, which do not transfer to the Group substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statement of profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.
- (b) *Group as lessor* – 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 as income in the consolidated statement of profit or loss on a straight-line basis over the lease term.

The Group 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 asset or assets and the arrangement conveys a right to use the asset.

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 post-employment benefits to employees through a defined benefit plan and defined contribution plan, and other employee benefits which are recognized as follows:

(a) Post-employment Defined Benefits 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 Group, 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 Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified and non-contributory.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of zero-coupon government bonds as published by Philippine Dealing and Exchange Corporation, 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.

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, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and 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.

(b) *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.

(c) *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 Other under the Accounts Payable and Other Liabilities account (see Note 16) 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 deferred tax and current 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 carryforward 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

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.

2.26 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

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.

3.01 Critical Management Judgments in Applying Accounting Policies

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

(a) Impairment of AFS Financial Assets

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. Future changes in those information and circumstance might significantly affect the carrying amount of the assets.

Allowance for impairment losses on the Group's AFS financial assets amounts to P150.3 million as of December 31, 2015 and 2014 (see Note 9).

(b) 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.

(c) 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.

(d) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish the difference between provisions and contingencies. Policies on recognition of provision and contingencies are discussed in Note 2.15 and relevant disclosures are presented in Note 23.

3.02 Key Sources of Estimation Uncertainty

The following are 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) *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.

The carrying amounts of property and equipment, investment properties and computer software are analyzed in Notes 12, 13.03 and 13.06, respectively. Based on management's assessment as at December 31, 2015 and 2014, there is no change in the estimated useful lives of property and equipment, investment properties and computer software during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(b) *Impairment of Receivables*

Allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Group's relationship with the counterparties, the counterparties' current credit status, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

The carrying value of receivables and the analysis of allowance for impairment on such financial assets are shown in Note 10.

(c) *Valuation of Financial Assets other than Receivables*

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, 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. In 2015 and 2014, most of the Group's financial assets measured at fair value are valued using price quoted in an active market.

The carrying values of the Group's financial assets at FVTPL and AFS financial assets and the amounts of fair value changes recognized during the years on those assets are disclosed in Notes 8 and 9, respectively.

(d) *Determining 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. The carrying values of recognized and unrecognized deferred tax assets as of December 31, 2015 and 2014 are disclosed in Note 21.

(e) *Impairment of 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 (see Note 2.13). 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.

No impairment loss on non-financial assets was recognized in 2015, 2014 and 2013.

(f) *Valuation of Post-employment Defined Benefit Obligation*

The determination of the Group's retirement benefit obligation is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rate of return on plan assets and salary increase 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.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 18.02.

(g) *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 as, disclosed in Note 13.03, 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 behaviour of the buying parties. A significant change in these elements may affect prices and the value of the assets.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to its financial instruments. The risk management activities at the level of each company in the Group is coordinated with the Parent Company, in close cooperation with its BOD, 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.

The most significant financial risks to which the Group is exposed to are described below and in the succeeding pages.

4.01 *Interest Rate Risk*

The table below illustrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in the Group's interest-bearing loans and borrowings' interest rates of +/- 0.78% in 2015 and +/- 1.48% in 2014. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant.

	<u>Effect on Profit before Tax</u>			
	<u>Positive Change</u>		<u>Negative Change</u>	
2015 (+/- 0.78%)	(P	22,161,086)	P	22,161,086
2014 (+/- 1.48%)	P	40,023,557	(P	40,023,557)

4.02 *Foreign Currency Risk*

Foreign currency risk arises mainly from potential losses from the changes in the exchange rates of the Group's foreign currency-denominated assets.

The Group seeks to 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 pertain only to cash in bank, translated into Philippine pesos at the closing rates, amounting to P129,046 and P615,900 in 2015 and 2014, respectively.

The exchange rates used was P47.166:US\$1 and P44.617:US\$1 as of December 31, 2015 and 2014, respectively.

The table on the succeeding page demonstrates the possible impact of the changes in the exchange rates of the Philippine peso and US dollars on the Group's profit before tax and equity. It assumes a +/- 10.42% and +/- 11.56% change of the Philippine peso – US dollar exchange rate for the years ended December 31, 2015 and 2014, respectively. These percentages have been determined based on the average market volatility in the exchange rates in the previous 12 months, estimated at 99% confidence level, with all other variables held constant.

		<u>Positive Change</u>		<u>Negative Change</u>
2015 (+/- 10.42%)				
Loss before tax	P	13,430	(P	13,430)
Equity		9,401	(9,401)
 2014 (+/- 11.56%)				
Profit before tax	(P	71,197)	P	71,197
Equity	(49,838)		49,838

The Group's exposures to changes in foreign exchange rates may differ at various periods each year, depending on the volume of foreign currency-denominated transactions; hence, the foregoing effects should not be construed to be representative of the Group's foreign currency exposure at any particular point in time.

4.03 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers and placing deposits.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

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

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Cash	7	P 119,556,641	P 114,400,633
Receivables – net	10	<u>1,788,709,612</u>	<u>1,859,741,250</u>
		<u>P 1,908,266,253</u>	<u>P 1,974,141,883</u>

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution.

The tables below show the credit quality by class of financial assets as of December 31.

	<u>Neither Past Due Nor Impaired</u> <u>High</u> <u>Grade</u>	<u>Standard</u> <u>Grade</u>	<u>Past Due but</u> <u>not Individually</u> <u>Impaired</u>	<u>Total</u>
<u>December 31, 2015</u>				
Cash in bank	P 119,470,020	P -	P -	P 119,470,020
Receivables:				
Customers/brokers	-	993,239,022	5,686,119	998,925,141
Equity margin loans	-	631,100,575	-	631,100,575
Accounts receivable	6,459,633	-	177,890,815	184,350,448
Notes receivables	-	4,906,774	74,612,364	79,519,138
Due from clearing house	-	67,776,025	-	67,776,025
Interest receivables	-	7,287,476	57,854,154	65,141,630
Management fee	-	34,000,000	-	34,000,000
Others	-	<u>12,222,758</u>	-	<u>12,222,758</u>
Receivables – gross	6,459,633	1,750,532,630	316,043,452	2,073,035,715
Allowance for impairment	-	-	<u>284,326,103</u>	<u>284,326,103</u>
Receivables – net	<u>6,459,633</u>	<u>1,750,532,630</u>	<u>31,717,349</u>	<u>1,788,709,612</u>
	<u>P 125,929,653</u>	<u>P 1,750,532,630</u>	<u>P 31,717,349</u>	<u>P 1,974,055,262</u>
<u>December 31, 2014</u>				
Cash in bank	P 114,314,012	P -	P -	P 114,314,012
Receivables:				
Customers/brokers	-	1,002,599,946	5,127,887	1,007,727,833
Equity margin loans	-	633,765,644	-	633,765,644
Accounts receivable	6,758,770	-	187,397,257	194,156,027
Due from clearing house	-	105,689,193	-	105,689,193
Notes receivable	-	5,086,574	92,939,251	98,025,825
Interest receivable	-	65,141,629	-	65,141,629
Management fee receivable	-	25,500,000	-	25,500,000
Others	-	<u>14,144,861</u>	-	<u>14,144,861</u>
Receivables – gross	6,758,770	1,851,927,847	285,464,395	2,144,151,012
Allowance for impairment	-	-	<u>284,409,762</u>	<u>284,409,762</u>
Receivables – net	<u>6,758,770</u>	<u>1,851,927,847</u>	<u>1,054,633</u>	<u>1,859,741,250</u>
	<u>P 121,072,782</u>	<u>P 1,851,927,847</u>	<u>P 1,054,633</u>	<u>P 1,974,055,262</u>

Certain receivables of the Group are partially secured by borrowers' collaterals and customers' 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 past due but not individually impaired receivables 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.

4.04 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled 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 a rolling 30-day projection. Long-term liquidity needs for a six-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.

As at December 31, 2015 and 2014, the Group's financial liabilities have contractual maturities which are presented below.

	<u>Within 6 Months</u>	<u>6 to 12 Months</u>	<u>Total</u>
<u>December 31, 2015</u>			
Interest-bearing loans and borrowings	P 2,466,788,270	P 391,039,732	P 2,857,828,002
Due to customers	201,317,806	-	201,317,806
Accounts payable and other liabilities (excluding post-employment defined benefit obligation and taxes payable)	<u>22,780,632</u>	<u>149,156,193</u>	<u>171,936,825</u>
	<u>P2,690,886,708</u>	<u>P 540,195,925</u>	<u>P 3,231,082,633</u>
<u>December 31, 2014</u>			
Interest-bearing loans and borrowings	P 2,369,204,365	P 352,551,319	P 2,721,755,684
Due to customers	342,841,336	-	300,243,157
Accounts payable and other liabilities (excluding post-employment defined benefit obligation and taxes payable)	<u>29,783,496</u>	<u>187,308,782</u>	<u>217,092,278</u>
	<u>P2,741,829,197</u>	<u>P 539,860,101</u>	<u>P 3,239,091,119</u>

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

4.05 Other Market Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets at FVTPL and AFS financial assets). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

The observed volatility rates using standard deviation of the fair values of the Group's investments held at fair value and their impact on the Group's net profit and other comprehensive income as of December 31, 2015 and 2014 are summarized as follows:

	<u>Increase</u>	<u>Decrease</u>	<u>Impact of Increase</u>		<u>Impact of Decrease</u>	
			<u>Net Profit</u>	<u>Other Comprehensive Income</u>	<u>Net Profit</u>	<u>Other Comprehensive Income</u>
2015						
Financial assets at FVTPL	+13.10%	-13.10%	P 93,686,813	P -	(P 93,686,813)	P -
AFS financial assets						
Berjaya Philippines, Inc. (BCOR)	+26.04%	-26.04%	-	610,515,764	-	(610,515,764)
Premium Leisure Corp. (PLC)	+42.64%	-42.64%	-	682,240	-	(682,240)
Coal Asia Holdings (COAL)	+19.04%	-19.04%	-	152,396	-	(152,396)
			<u>P 93,686,813</u>	<u>P 611,350,700</u>	<u>(P 93,686,813)</u>	<u>(P 611,350,700)</u>
2014						
Financial assets at FVTPL	+40.64%	-40.64%	P 200,854,332	P -	(P 200,854,332)	P -
AFS financial assets						
Berjaya Philippines, Inc. (BCOR)	+85.25%	-85.25%	-	2,247,967,528	-	(2,247,967,528)
Coal Asia Holdings (COAL)	+39.30%	-39.30%	-	495,078	-	(495,078)
Premium Leisure Corp. (PLC)	+115.35%	-115.35%	-	6,142,388	-	(6,142,388)
Cyber Bay Corp. (CYBR)	+37.37%	-37.37%	-	2,695,980	-	(2,695,980)
			<u>P 200,854,332</u>	<u>P 2,257,300,974</u>	<u>(P 200,854,332)</u>	<u>(P 2,257,300,974)</u>

The investments in listed equity securities (classified as AFS financial assets) are considered long term, strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments.

The volatility rates of investment in golf club shares were not presented as of December 31, 2015 and 2014 since the impact of these volatility rates using standard deviation of the golf club shares on the consolidated other comprehensive income would not be significant.

5. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.01 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below and in the succeeding page.

	<u>Notes</u>	<u>2015</u>		<u>2014</u>	
		<u>Carrying Amount</u>	<u>Fair Values</u>	<u>Carrying Amount</u>	<u>Fair Values</u>
<i>Financial assets</i>					
Loans and receivables:					
Cash	7	P 119,556,641	P 119,556,641	P 114,400,633	P 114,400,633
Receivables – net	10	<u>1,788,709,612</u>	<u>1,788,709,612</u>	<u>1,859,741,250</u>	<u>1,859,741,250</u>
		<u>1,908,266,253</u>	<u>1,908,266,253</u>	<u>1,974,141,883</u>	<u>1,974,141,883</u>
Financial assets at FVTPL	8	715,166,513	715,166,513	494,228,180	494,228,180
AFS financial assets	9	<u>2,361,529,820</u>	<u>2,361,529,820</u>	<u>2,664,770,691</u>	<u>2,664,770,691</u>
		<u>3,076,696,333</u>	<u>3,076,696,333</u>	<u>3,158,998,871</u>	<u>3,158,998,871</u>
		<u>P4,984,962,586</u>	<u>P4,984,962,586</u>	<u>P 5,133,140,754</u>	<u>P 5,133,140,754</u>

Notes	2015		2014		
	Carrying Amount	Fair Values	Carrying Amount	Fair Values	
Financial liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	14	P 2,841,164,824	P 2,841,164,824	P 2,704,294,373	P 2,704,294,373
Due to customers	15	201,317,786	201,317,786	300,243,157	300,243,157
Accounts payable and other liabilities	16	100,090,585	100,090,585	93,411,777	93,411,777
		<u>P 3,142,573,195</u>	<u>P 3,142,573,195</u>	<u>P 3,097,949,307</u>	<u>P 3,097,949,307</u>

5.02 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets, which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

5.03 Financial Instrument Measured at Fair Value

The tables below show the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of December 31, 2015 and 2014.

	Level 1	Level 2	Level 3	Total
December 31, 2015				
Financial assets at FVTPL	P 715,166,513	P -	P -	P 715,166,513
AFS financial assets	<u>2,346,930,985</u>	<u>6,250,000</u>	<u>-</u>	<u>2,353,180,985</u>
	<u>P 3,062,097,498</u>	<u>P 6,250,000</u>	<u>P -</u>	<u>P 3,068,347,498</u>
December 31, 2014				
Financial assets at FVTPL	P 494,228,180	P -	P -	P 494,228,180
AFS financial assets	<u>2,650,421,856</u>	<u>6,000,000</u>	<u>-</u>	<u>2,656,421,856</u>
	<u>P 3,153,650,036</u>	<u>P 6,000,000</u>	<u>P -</u>	<u>P 3,159,650,036</u>

All financial instrument classified as AFS financial assets amounting to P2,346,930,985 and P2,650,421,856 as of December 31, 2015 and 2014, respectively, are classified as Level 1, while golf club shares amounting to P6,250,000 and P6,000,000 as of December 31, 2015 and 2014, respectively, are classified as Level 2 in fair value hierarchy. Investments in unquoted equity securities amounting to P158,630,599 in 2015 and 2014, which are measured at cost because the fair value cannot be reliably measured, are not included in the fair value hierarchy (see Note 9).

There were no financial liabilities measured at fair value as of December 31, 2015 and 2014.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instrument in both years

5.04 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The tables below summarize the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the consolidated statements of financial position but for which fair value is disclosed.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2015				
<i>Financial assets:</i>				
Cash	P 119,556,641	P -	P -	P 119,556,641
Receivables	-	-	1,788,709,612	1,788,709,612
	<u>P 119,556,641</u>	<u>P -</u>	<u>P 1,788,709,612</u>	<u>P 1,908,266,253</u>
<i>Financial liabilities:</i>				
Interest-bearing loans and borrowings	P -	P -	P 2,841,164,824	P 2,841,164,824
Due to customers	-	-	201,317,786	201,317,786
Accounts payable and other liabilities	-	-	100,090,585	100,090,585
	<u>P -</u>	<u>P -</u>	<u>P 3,142,573,195</u>	<u>P 3,142,573,195</u>
December 31, 2014				
<i>Financial assets:</i>				
Cash	P 114,400,633	P -	P -	P 114,400,633
Receivables	-	-	1,859,741,250	1,859,741,250
	<u>P 114,400,633</u>	<u>P -</u>	<u>P 1,859,741,250</u>	<u>P 1,974,141,883</u>
<i>Financial liabilities:</i>				
Interest-bearing loans and borrowings	P -	P -	P 2,704,294,373	P 2,704,294,373
Due to customers	-	-	300,243,157	300,243,157
Accounts payable and other liabilities	-	-	93,411,777	93,411,777
	<u>P -</u>	<u>P -</u>	<u>P 3,097,949,307</u>	<u>P 3,097,949,307</u>

For cash, with fair value included in Level 1, fair value is based on unadjusted quoted amount from the counterparty banks.

The fair values of the financial assets and financial liabilities included in Level 3 above, which are not traded in an active market is determined by reference to the current market value of another instrument, which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

5.05 Fair Value Measurement of Non-financial Assets

The market value of the Group's investment properties, which consist of condominium units, amounts to P59,969,500 in 2015 and 2014, based on the market comparable approach that reflects recent transaction prices for similar properties and adjacent properties.

The Level 3 fair value of the condominium units was derived using the observable recent prices of the reference properties and were adjusted for differences in key attributes such as property size, zoning, and accessibility. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value of the properties (see Note 13.03).

6. SEGMENT REPORTING

The Group's operating businesses 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 Group is organized into the following business segments:

- (a) *Securities brokerage* – handles buying and selling of shares of stock, bonds and other securities.
- (b) *Investment banking* – provides services which include underwriting of financial instruments and management fees from financial and management advisory services.
- (c) *Leasing and others* – includes leasing of condominium units and other segment activities, none of which constitute a separately reportable segment.

Transactions between the business segments are on normal commercial terms and conditions.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds ranges from 5.0% to 7.0% in 2015 and 2014, and 5.0% to 8.3% in 2013 (see Note 14).

Inter-segment revenues and expenses also include rentals from the operating leases on condominium units managed by certain segments. There are no other material items of income or expense between the business segments.

Segment assets and liabilities comprise operating assets and liabilities including items such as taxation and borrowings.

The tables below and in the succeeding page present revenue and profit information regarding industry segments for the years ended December 31, 2015, 2014 and 2013 and certain assets and liabilities information regarding industry segments as at December 31, 2015, 2014 and 2013.

	December 31, 2015				
	Securities Brokerage	Investment Banking	Leasing and Others	Elimination	Group
Revenues:					
External	P 182,646,043	P 139,949,383	P 46,090,090	P -	P 368,685,516
Inter-segment	<u>65,331</u>	<u>41,016,185</u>	<u>8,282,016</u>	<u>(50,365,277)</u>	<u>(1,001,745)</u>
	<u>182,711,374</u>	<u>180,965,568</u>	<u>54,372,106</u>	<u>(50,365,277)</u>	<u>367,683,771</u>
Expenses:					
External	130,998,544	206,833,830	31,041,046	-	368,873,420
Inter-segment	<u>39,237,839</u>	<u>10,125,694</u>	<u>-</u>	<u>(49,363,533)</u>	<u>-</u>
	<u>170,236,383</u>	<u>216,959,524</u>	<u>31,041,046</u>	<u>(49,363,533)</u>	<u>368,873,420</u>
Profit (loss) before tax	<u>P 12,474,991</u>	<u>(35,993,956)</u>	<u>P 23,331,060</u>	<u>(P 1,001,744)</u>	<u>(P 1,189,649)</u>
Net profit (loss)	<u>P 6,084,177</u>	<u>(P 25,032,510)</u>	<u>P 23,042,702</u>	<u>P 1,001,744</u>	<u>P 3,092,625</u>
Segment assets	<u>P 692,819,973</u>	<u>P 4,949,705,160</u>	<u>P 562,527,202</u>	<u>(P 894,057,421)</u>	<u>P 5,310,994,914</u>
Segment liabilities	<u>P 354,837,284</u>	<u>P 2,518,409,157</u>	<u>P 394,816,246</u>	<u>(P 78,733,940)</u>	<u>P 3,189,328,747</u>
Other segment items:					
Capital expenditures	<u>P 1,850,772</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 1,850,772</u>
Depreciation and amortization	<u>P 6,347,762</u>	<u>P 1,499,304</u>	<u>P 4,631,184</u>	<u>P 280,000</u>	<u>P 12,758,250</u>
	December 31, 2014				
	Securities Brokerage	Investment Banking	Leasing and Others	Elimination	Group
Revenues:					
External	P 225,655,569	P 361,181,470	P 9,600,882	P -	P 596,437,921
Inter-segment	<u>846,427</u>	<u>45,572,084</u>	<u>12,365,249</u>	<u>(58,783,759)</u>	<u>-</u>
	<u>226,501,996</u>	<u>406,753,554</u>	<u>21,966,131</u>	<u>(58,783,759)</u>	<u>596,437,921</u>
Expenses:					
External	159,922,235	294,042,119	26,912,361	-	480,876,716
Inter-segment	<u>54,152,849</u>	<u>79,887,984</u>	<u>-</u>	<u>(134,040,833)</u>	<u>-</u>
	<u>214,075,084</u>	<u>373,930,103</u>	<u>26,912,361</u>	<u>(134,040,833)</u>	<u>480,876,716</u>
Profit (loss) before tax	<u>P 12,426,912</u>	<u>32,823,451</u>	<u>(P 4,946,230)</u>	<u>P 75,257,074</u>	<u>P 115,561,205</u>
Net profit (loss)	<u>P 8,189,344</u>	<u>P 33,149,914</u>	<u>(P 5,669,590)</u>	<u>P 75,257,074</u>	<u>P 110,926,742</u>
Segment assets	<u>P 914,179,798</u>	<u>P 5,332,852,139</u>	<u>P 502,473,153</u>	<u>(P 1,301,048,725)</u>	<u>P 5,449,456,364</u>
Segment liabilities	<u>P 584,268,388</u>	<u>P 2,686,118,268</u>	<u>P 355,797,729</u>	<u>(P 467,880,188)</u>	<u>P 3,158,304,197</u>
Other segment items:					
Capital expenditures	<u>P 1,328,075</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 1,328,075</u>
Depreciation and amortization	<u>P 10,721,854</u>	<u>P 5,295,924</u>	<u>P 4,631,184</u>	<u>P 280,000</u>	<u>P 20,928,963</u>

	December 31, 2013				
	Securities Brokerage	Investment Banking	Leasing and Others	Elimination	Group
Revenues:					
External	P 232,907,892	P 154,166,907	P 13,872,443	P -	P 400,947,242
Inter-segment	<u>1,286,322</u>	<u>44,755,148</u>	<u>11,634,079</u>	<u>(57,675,549)</u>	<u>-</u>
	<u>234,194,214</u>	<u>198,922,055</u>	<u>25,506,522</u>	<u>(57,675,549)</u>	<u>400,947,242</u>
Expenses:					
External	165,623,566	241,561,380	21,206,326	-	412,212,412
Inter-segment	<u>53,385,724</u>	<u>4,289,825</u>	<u>-</u>	<u>(73,854,410)</u>	<u>-</u>
	<u>219,009,290</u>	<u>245,851,205</u>	<u>21,206,326</u>	<u>(73,854,410)</u>	<u>412,212,412</u>
Profit (loss) before tax	<u>P 15,184,924</u>	<u>(P 46,929,150)</u>	<u>P 4,300,195</u>	<u>P 16,178,861</u>	<u>(P 11,265,170)</u>
Net profit (loss)	<u>P 10,295,956</u>	<u>(P 45,878,510)</u>	<u>P 4,165,245</u>	<u>P 16,178,861</u>	<u>(P 15,238,448)</u>
Segment assets	<u>P 965,458,377</u>	<u>P 5,649,391,788</u>	<u>P 404,853,619</u>	<u>(P 1,426,644,785)</u>	<u>P 5,593,058,999</u>
Segment liabilities	<u>P 643,324,912</u>	<u>P 2,703,168,982</u>	<u>P 253,785,895</u>	<u>(P 520,043,875)</u>	<u>P 3,080,235,914</u>
Other segment items:					
Capital expenditures	<u>P 11,316,095</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 11,316,095</u>
Depreciation and amortization	<u>P 9,463,560</u>	<u>P 5,564,021</u>	<u>P 4,631,191</u>	<u>P -</u>	<u>P 19,658,769</u>

7. CASH

This account includes the following:

	<u>2015</u>	<u>2014</u>
Cash in banks	P 119,470,020	P 114,314,012
Cash on hand	<u>86,621</u>	<u>86,621</u>
	<u>P 119,556,641</u>	<u>P 114,400,633</u>

The Group maintains a special reserve bank account with a local bank in compliance with the Securities Regulation Code in relation to the securities brokerage business of the Group. The bank account has a balance of P46,422,941 and P45,416,264 as of December 31, 2015 and 2014, respectively.

Foreign currency-denominated cash amounts to P129,046 (US\$2,736) and P615,900 (US\$13,804) as of December 31, 2015 and 2014, respectively.

Cash in banks generally earn interest based on daily bank deposit rates.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's financial assets at FVTPL are composed of equity securities with a total fair value amounting to P715,166,513 and P494,228,180 as of December 31, 2015 and 2014, respectively.

Equity securities include investments in shares of stock of publicly-listed entities which are held solely 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 at FVTPL amounted to P45,515,945 in 2015, P78,766,959 in 2014 and P48,536,273 in 2013. These are presented as part of Gain on Sale of Investments under the Finance Income account in the consolidated statements of profit or loss (see Note 20.01).

The Group recognized changes in fair value of financial assets at FVTPL amounting to a gain of P30,491,273 in 2015, and losses of P20,727,691 in 2014 and P19,955,493 in 2013. These are presented as part of Finance Income or Finance Costs in the consolidated statements of profit or loss (see Notes 20.01 and 20.02).

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

AFS financial assets pertain to the shares of stock in the following Corporations:

	<u>2015</u>	<u>2014</u>
At fair value:		
BCOR	P 2,344,530,585	P2,636,912,056
PLC	1,600,000	5,325,000
COAL	800,400	1,324,800
CYBR	-	6,860,000
Others - club shares	<u>6,250,000</u>	<u>6,000,000</u>
	<u>2,353,180,985</u>	<u>2,656,421,856</u>
At cost:		
Universal Rightfield Properties (URP)	144,910,130	144,910,130
Metro Pacific Corporation (MPC)	10,697,669	10,697,669
Philippine Central Depository (PCD)	22,800	22,800
Others	<u>3,000,000</u>	<u>3,000,000</u>
	158,630,599	158,630,599
Allowance for impairment	<u>(150,281,764)</u>	<u>(150,281,764)</u>
	<u>8,348,835</u>	<u>8,348,835</u>
	<u>P 2,361,529,820</u>	<u>P2,664,770,691</u>

The movements of AFS financial assets are as follows:

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Balance at beginning of year		P 2,664,770,691	P2,557,207,265
Additions		56,213,419	486,182,647
Disposals		(184,827,034)	(39,976,826)
Realized fair value gains			
transferred to profit or loss	20.01	(98,921,767)	(317,333,803)
Unrealized fair value gains (losses)		(75,705,489)	(15,959,758)
Impairment loss		<u>-</u>	<u>(5,348,834)</u>
Balance at end of year		<u>P 2,361,529,820</u>	<u>P2,664,770,691</u>

Other AFS financial assets pertain to proprietary membership in golf and country club shares.

The fair values of the listed equity securities were determined directly by reference to quoted prices published by the PSE. On the other hand, the fair values of the club shares were determined using the prices published by an SEC-registered club share broker.

Investments in URP and PCD, publicly listed companies, whose shares are suspended for trading, were valued at total cost amounting to P144,932,930, and were fully provided with allowance for impairment.

In 2014, the Group's investment in MPC was provided with an allowance for impairment amounting to P5,348,834. The provision is presented as part of Impairment loss under the Finance Costs account in the 2014 consolidated statement of profit or loss (see Note 20.02). No similar transaction in 2015.

Fair value gains (losses) on AFS financial assets amounting to (P75,705,489), (P15,959,758) and P45,154,375 in 2015, 2014 and 2013, respectively, are presented in the consolidated statements of comprehensive income as items that will be reclassified subsequently to profit or loss. Accordingly, as a result of investment disposals, the cumulative fair value gains amounting to P98,921,767, P317,333,803 and P95,408,304 in 2015, 2014 and 2013, respectively, were realized and reclassified from equity and are included as part of Gain on sale of investments under the Finance Income account in the consolidated statements of profit or loss (see Note 20.01).

Net cumulative fair value changes on AFS financial assets amount to P1,852,168,220 and P2,026,795,476 as of December 31, 2015 and 2014, respectively, and are presented as part of the Revaluation Reserves account in the consolidated statements of financial position (see Note 17.02).

10. RECEIVABLES

The breakdown of this account is as follows:

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Customers/brokers	10.02	P 998,925,141	P 1,007,727,833
Equity margin loans	10.01	631,100,575	633,765,644
Accounts receivable	10.03, 11.02	184,350,448	194,156,027
Notes receivables	10.04	79,519,138	98,025,825
Due from clearing house		67,776,025	105,689,193
Interest receivables	10.04	65,141,630	65,141,629
Management fee	11.01	34,000,000	25,500,000
Others	11.03	<u>12,222,758</u>	<u>14,144,862</u>
		2,073,035,715	2,144,151,012
Allowance for impairment		(<u>284,326,103</u>)	(<u>284,409,762</u>)
		<u>P 1,788,709,612</u>	<u>P 1,859,741,250</u>

A reconciliation of the allowance for impairment at the beginning and end of 2015 and 2014 is shown below.

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Balance at beginning of year		P 284,409,762	P 223,436,274
Impairment losses	20.02	-	71,255,837
Write-off		(83,659)	(10,282,349)
Balance at end of year		<u>P 284,326,103</u>	<u>P 284,409,762</u>

The maturity profile of the Group's receivables is as follows:

	<u>2015</u>	<u>2014</u>
Within one year	P 999,921,243	P1,151,489,896
Beyond one year but less than five years	<u>788,788,369</u>	<u>708,251,354</u>
	<u>P1,788,709,612</u>	<u>P1,859,741,250</u>

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. The Group is in constant communication with the debtors for the settlement of the receivables. However, the Group has written-off certain due from customers accounts amounting to P83,659 and P10,282,349 for 2015 and 2014, respectively, wherein collection can no longer be reasonably expected, notwithstanding the efforts of the management to do so.

10.01 Equity Margin Loans

Effective January 1, 2007 and until the BOD reverses the resolution, management decided to stop recognizing interest on equity margin loans by virtue of a board resolution after the Group received requests from its customers for a moratorium on interest charges on equity margin loans. These receivables are secured by certain marketable shares of stock (pledged by certain customers) with a total market value of P599,312,276 and P580,003,645 as of December 31, 2015 and 2014, respectively.

10.02 Due from/to Customers

Due from/to customers pertain to outstanding receivable from/payable to customers and brokers related to the Group's securities trading transactions and are normally settled within three days from transaction date. Receivables are subjected to impairment testing based on the present value of the estimated future cash flows.

10.03 Accounts Receivable

Accounts receivable include a receivable from Kestrel Resources Philippines, Inc. (Kestrel), a third party engaged in purchasing receivables, amounting to P104,467,026 and P114,019,882 as of December 31, 2015 and 2014, respectively, which arose from an Assignment of Receivables Agreement executed between the Group and Kestrel on April 12, 2002. Under the agreement, the amount collected by Kestrel, including accrued interest, shall be payable to the Group on or before December 31, 2006, which date was subsequently extended to December 31, 2016. These receivables represent the balance of an equity margin loan of a previous customer after deducting a partial settlement through a *dacion en pago* arrangement, whereby the original debtor transferred to the Group certain condominium units valued at P65,280,000 (see Note 13.03). Under the terms of the assignment, Kestrel grants the Group a call option on all but not part of the receivables, including uncollected but accrued earnings, which have not been collected at the time of the exercise of the call option. The call option is exercisable by the Group any time prior to November 30, 2016. The exercise price of the call option is equal to the uncollected principal of the receivables. The portion of the receivables already collected prior to the exercise of the call option shall constitute the remaining obligation of Kestrel to the Group, which is payable on or before December 31, 2016. The call option is considered closely related to its host contract since the exercise price on each exercise date is equivalent to the carrying amount of the host contract.

Management is confident that the receivables will be realized and the original debtor will eventually be able to settle its obligations. Kestrel made a partial payment of P9,552,856 and P2,000,000 in 2015 and 2014, respectively. The Group's management also estimated that the proceeds of the receivables including interest and other charges will be sufficient to recover the carrying amount of the receivables. As of December 31, 2015 and 2014, the Group has provided allowance for impairment on Kestrel's account totalling P35,000,000.

10.04 Notes and Interest Receivables

Notes and interest receivables represent unsecured outstanding claims from an individual, which are due upon demand.

11. RELATED PARTY TRANSACTIONS

The summary of the Group's significant transactions with its related parties as of and for the years ended December 31, 2015 and 2014 is as follows:

Related Party Category	Notes	2015		2014		2013	
		Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Management fees	11.01	40,000,000	34,000,000	40,000,000	25,500,000	23,121,406	29,100,000
Granting (collections) of advances	11.02	(545,806)	6,023,220	852,509	6,569,026	900,000	5,716,517
Lease of properties	11.03	1,458,915	2,2468,469	1,362,485	1,956,650	1,362,485	1,678,580
Key management personnel compensation	11.04	19,247,367	-	21,874,643	-	22,692,759	-
Fair value of plan assets	18.02	-	20,191,873	-	12,147,635	-	5,000,000

All receivables from related parties have been reviewed for indications of impairment. Based on management's assessment, no impairment losses are required to be recognized on these receivables at the end of each reporting period.

11.01 Management Fees

The Group earns management fees from Philippine Gaming Management Corporation (PGMC), an entity under common key management personnel, by virtue of the Management Services Agreement (the Agreement) between the Group and PGMC.

Management fees amounted to P40,000,000 for 2015 and 2014 and P23,121,406 for 2013, and are presented as Management Fees in the consolidated statements of profit or loss. Management fees receivable amounts to P34,000,000 and P25,500,000 as of December 31, 2015 and 2014, respectively, and are unsecured, non-interest bearing and payable in cash upon demand. These receivables are presented as part of Receivables in the consolidated statements of financial position (see Note 10).

11.02 Granting of Advances

The Group grants unsecured interest-bearing loans to employees with interest rates ranging from 12.0% to 12.5%. Receivables from employees as of December 31, 2015 and 2014 amount to P6,023,220 and P6,569,027, respectively. These are presented as part of Accounts Receivables under the Receivables account in the consolidated statements of financial position (see Note 10.03).

Based on management's assessment, advances to employees are not impaired as of December 31, 2015 and 2014.

11.03 Lease of Properties

The Group has a lease agreement with Berjaya Pizza Philippines, Inc. (BPPI), a related party under common key management personnel, covering certain office spaces. Rent income recognized by the Group from this transaction amounted to P1,458,915 in 2015 and P1,362,485 in 2014 and 2013, respectively and is included as part of the Other Income account in the consolidated statements of profit or loss. The outstanding receivable from this transaction amounts to P2,248,469 and P1,956,650 as of December 31, 2015 and 2014, respectively, and is included as part of Others under the Receivables account in the consolidated statements of financial position (see Note 10). The outstanding balance of receivable from BPPI is unsecured, non-interest bearing and collectible in cash upon demand.

11.04 Key Management Personnel Compensation

Short-term benefits to key management personnel amounted to P19,247,367, P21,874,643 and P22,692,759 in 2015, 2014, and 2013, respectively.

12. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment, at the beginning and end of 2015 and 2014 are shown below.

	Condominium Units	Building Improvements	Transportation Equipment	Computer Equipment	Furniture, Fixtures and Equipment	Total
December 31, 2015						
Cost	P 114,435,714	P 19,300,441	P 15,782,015	P 19,000,651	P 8,675,578	P 177,194,399
Accumulated depreciation and amortization	(78,072,472)	(11,019,437)	(12,394,853)	(16,212,892)	(7,756,363)	(125,456,017)
Net carrying amount	<u>P 36,363,242</u>	<u>P 8,281,004</u>	<u>P 3,387,162</u>	<u>P 2,787,759</u>	<u>P 919,215</u>	<u>P 51,738,382</u>
December 31, 2014						
Cost	P 114,435,714	P 19,300,441	P 15,782,015	P 17,378,272	P 8,608,296	P 175,504,738
Accumulated depreciation and amortization	(72,374,318)	(9,633,255)	(10,270,583)	(14,478,578)	(6,966,916)	(113,723,650)
Net carrying amount	<u>P 42,061,396</u>	<u>P 9,667,186</u>	<u>P 5,511,432</u>	<u>P 2,899,694</u>	<u>P 1,641,380</u>	<u>P 61,781,088</u>
January 1, 2014						
Cost	P 114,435,714	P 19,080,757	P 16,982,015	P 16,027,158	P 8,284,414	P 174,810,058
Accumulated depreciation and amortization	(66,676,161)	(8,152,737)	(7,395,256)	(9,629,366)	(5,548,641)	(97,402,161)
Net carrying amount	<u>P 47,759,553</u>	<u>P 10,928,020</u>	<u>P 9,586,759</u>	<u>P 6,397,792</u>	<u>P 2,735,773</u>	<u>P 77,407,897</u>

A reconciliation of the carrying amounts at the beginning and end of 2015 and 2014, of property and equipment is shown below.

	Condominium Units	Building Improvements	Transportation Equipment	Computer Equipment	Furniture, Fixtures and Equipment	Total
Balance at January 1, 2015, net of accumulated depreciation and amortization	P 42,061,396	P 9,667,186	P 5,511,432	P 2,899,694	P 1,641,380	P 61,781,088
Additions	-	-	-	1,622,376	228,396	1,850,772
Depreciation and amortization charges for the year	(5,698,154)	(1,386,182)	(2,124,270)	(1,734,311)	(950,561)	(11,893,478)
Balance at December 31, 2015, net of accumulated depreciation and amortization	<u>P 36,363,242</u>	<u>P 8,281,004</u>	<u>P 3,387,162</u>	<u>P 2,787,759</u>	<u>P 919,215</u>	<u>P 51,738,382</u>
Balance at January 1, 2014, net of accumulated depreciation and amortization	P 47,759,553	P 10,928,020	P 9,586,759	P 6,397,792	P 2,735,773	P 77,407,897
Additions	-	219,684	-	945,623	162,768	1,328,075
Disposals	-	-	(860,000)	-	-	(860,000)
Depreciation and amortization charges for the year	(5,698,157)	(1,480,518)	(3,215,327)	(4,443,721)	(1,257,161)	(16,094,884)
Balance at December 31, 2014, net of accumulated depreciation and amortization	<u>P 42,061,396</u>	<u>P 9,667,186</u>	<u>P 5,511,432</u>	<u>P 2,899,694</u>	<u>P 1,641,380</u>	<u>P 61,781,088</u>

In 2014, the Group disposed a certain transportation equipment with a carrying value of P860,000. Such transaction did not result in any gain or loss as the proceeds were equal to the net book value of the asset as at the date of disposal.

As of December 31, 2015 and 2014, the cost of fully-depreciated assets that are still in use by the Group amounts to P6,198,333.

13. OTHER ASSETS

The breakdown of this account is as follows:

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Creditable withholding taxes	13.02	P 101,661,253	P 94,159,407
Goodwill	13.01	84,584,951	84,584,951
Deferred oil exploration costs	13.04	15,418,003	15,418,003
Trading right	13.05	1,408,000	1,408,000
Investment properties – net	13.03	1,382,528	2,007,726
Prepayments		831,789	328,517
Computer software – net	13.06	-	239,573
Others		<u>3,497,618</u>	<u>3,705,371</u>
		208,784,142	201,851,548
Allowance for impairment of goodwill		(49,260,596)	(49,260,596)
Allowance for non-recoverability of deferred oil exploration costs		(15,418,003)	(15,418,003)
		<u>P 144,105,543</u>	<u>P 137,172,949</u>

13.01 Goodwill

Goodwill arose from the acquisition of the three subsidiaries, and pertains to the expected synergy among the subsidiaries where the acquisition cost is higher than the fair value of the net assets acquired of each subsidiary. It is subject to annual impairment testing and whenever there is an indication of impairment. The Group did not recognize any impairment loss in 2015, 2014 and 2013.

13.02 Creditable Withholding Taxes

This account represents accumulated income tax credits of the Group that remained unapplied as of December 31, 2015 and 2014. These income tax credits will be applied against future income tax liabilities.

13.03 Investment Properties

The gross carrying amounts and accumulated depreciation and impairment losses of investment properties at the beginning and end of 2015 and 2014 are shown below.

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>January 1, 2014</u>
Cost	P 72,280,000	P 72,280,000	P 72,280,000
Accumulated depreciation	(69,002,794)	(68,377,596)	(63,954,172)
Accumulated impairment losses	(1,894,678)	(1,894,678)	(1,894,678)
Net carrying amount	<u>P 1,382,528</u>	<u>P 2,007,726</u>	<u>P 6,431,150</u>

A reconciliation of the carrying amounts at the beginning and end of 2015 and 2014 of investment properties is shown below.

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>January 1, 2014</u>
Balance at beginning of year, net of accumulated depreciation and impairment losses	P 2,007,727	P 6,431,150	P 10,854,574
Depreciation for the year	(625,199)	(4,423,424)	(4,423,424)
Balance at end of year, net of accumulated depreciation and impairment losses	<u>P 1,382,528</u>	<u>P 2,007,726</u>	<u>P 6,431,150</u>

There are no direct operating expenses incurred for the investment properties.

The Group's investment properties are consist mostly of condominium units. These condominium units located in Nasugbu and Batulao, Batangas were acquired and capitalized by the Group as a result of the dacion en pago arrangement with a major customer in exchange for a partial settlement of the latter's loans (see Note 10.03).

As of December 31, 2015, the cost of fully-depreciated investment properties that are still held by the Group for capital appreciation amounts to P65,280,000 with related allowance for impairment losses of P1,894,678.

The total estimated fair values of the investment properties based on the latest available appraisal report obtained by the Group amounted to P59,969,500 as of December 31, 2015 and 2014 (see Note 5.05).

13.04 Deferred Oil Exploration Cost

Deferred oil exploration costs represent mainly of costs and related expenses incurred in connection with the Group's participation in the exploration of oil under GSEC-57. The Group believes that while the result of the exploration of the first well indicated that the area covered by the first well may no longer be viable, the potential of the remaining areas is still untested and, thus, future prospects and leads remain valid. In this regard, the consortium applied for its third Non-Exclusive Geophysical Permit which was approved by the Department of Energy on October 31, 1995. The Group's management asserts that the project is still viable and no write-offs have been made by the project proponents. Nonetheless, a full allowance for possible non-recoverability of deferred exploration cost is provided.

13.05 Trading Right

Trading right is assessed as having an indefinite useful life and is carried at cost less accumulated impairment loss. It is tested annually for impairment by comparing its recoverable amount, and recognizing any excess of the carrying amount over the recoverable amount as an impairment loss.

As certified by the PSE, the last transacted price of an exchange right is P8,500,000, which was recorded last December 14, 2011; hence, based from the comparison of the trading right's carrying amount of P1,408,000 as of December 31, 2015, and the recoverable amount, the Group's trading right is not impaired.

13.06 Computer Software

The gross carrying amounts and accumulated amortization at the beginning and end of 2015 and 2014 are shown below.

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>January 1, 2014</u>
Cost	P 13,389,323	P 13,389,323	P 13,389,323
Accumulated amortization	(13,389,323)	(13,149,750)	(12,739,095)
Net carrying amount	<u>P -</u>	<u>P 239,573</u>	<u>P 650,228</u>

A reconciliation of the carrying amounts at the beginning and end of 2015 and 2014 of computer software is shown below.

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>January 1, 2014</u>
Balance at beginning of year, net of accumulated amortization	P 239,573	P 650,228	P 1,060,883
Amortization for the year	(239,573)	(410,655)	(410,655)
Balance at end of year, net of accumulated amortization	<u>P -</u>	<u>P 239,573</u>	<u>P 650,228</u>

14. INTEREST-BEARING LOANS AND BORROWINGS

As of December 31, this account consists of:

	<u>2015</u>	<u>2014</u>
Notes payable	P 2,791,031,353	P 2,633,537,276
Bank loans	<u>50,133,471</u>	<u>70,757,097</u>
	<u>P 2,841,164,824</u>	<u>P 2,704,294,373</u>

Notes payable represents short-term unsecured loans from various funders bearing annual interest at rates ranging from 4.5% to 7.0%, 5.0% to 7.0% and 5.0% to 8.3% in 2015, 2014 and 2013, respectively.

The fair values of long-term financial liabilities have been determined by calculating their present values at the consolidated statements of financial position date using fixed effective market interest rates applicable to the Group. No fair value changes have been included in the consolidated statements of profit or loss as financial liabilities are carried at amortized cost in the consolidated statements of financial position.

The Group's interest bearing loans and borrowings have a contractual maturities due within one year from date of each reporting date.

Interest expenses pertaining to these interest-bearing loans and borrowings, which are presented as part of the Finance Costs account in the consolidated statements of profit or loss, amounted to P184,080,391, P184,403,786 and P179,213,236 in 2015, 2014 and 2013, respectively, which include accrued interests of P16,812,139 and P17,771,832, as of December 31, 2015 and 2014, respectively, presented as part of Accounts Payable and Accrued Expenses under the Accounts Payable and Other Liabilities account in the consolidated statements of financial position (see Notes 16 and 20.02).

15. 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 noninterest-bearing. Management considers the carrying amounts recognized in the consolidated statements of financial position to be the reasonable approximation of their fair values. Outstanding balance as of December 31, 2015 and 2014 amounted to P201,317,786 and P300,243,157, respectively.

16. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Payable to clearing house		P 57,251,834	P 50,000,853
Accounts payable and accrued expenses	14	39,663,927	39,411,154
Post-employment defined benefit obligation	18.02	33,129,473	40,838,226
Taxes payable		13,626,079	19,516,664
Dividend payable		28,347	1,081,508
Others		<u>3,146,477</u>	<u>2,918,262</u>
		<u>P 146,846,137</u>	<u>P 153,766,667</u>

17. EQUITY

17.01 Capital Stock and Treasury Shares

As of December 31, 2015 and 2014, these accounts consist of:

	<u>Shares</u>	<u>Amount</u>
Capital stock – P1 par value		
Authorized – 1,800,000,000 shares		
Issued shares	<u>1,193,200,000</u>	<u>P 1,193,200,000</u>
Treasury shares	<u>171,413,600</u>	<u>P 171,413,600</u>

17.02 Revaluation Reserves

The components and reconciliation of items of other comprehensive income presented in the consolidated statements of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below.

	<u>Notes</u>	<u>AFS Financial Assets</u>	<u>Post-employment Benefit Obligation</u>	<u>Total</u>
Balance as of December 31, 2015		<u>P 2,026,795,476</u>	<u>(P 11,736,013)</u>	<u>P 2,015,059,463</u>
Remeasurements of post-employment defined benefit obligation	18.02(b)	-	3,099,490	3,099,490
Unrealized fair value losses on AFS financial assets	9	(75,705,489)	-	(75,705,489)
Fair value gains on disposed AFS financial assets reclassified to profit or loss	9	(98,921,767)	-	(98,921,767)
Tax expense	21	-	(1,050,859)	(1,050,859)
Other comprehensive gain (loss)		(174,627,256)	2,048,631	(172,578,625)
Balance as of December 31, 2015		<u>P 1,852,168,220</u>	<u>(P 9,687,382)</u>	<u>P 1,842,480,838</u>
Balance as of January 1, 2014		P 2,360,089,037	(P 12,431,914)	P 2,347,657,123
Remeasurements of post-employment defined benefit obligation	18.02(b)	-	537,102	537,102
Unrealized fair value losses on AFS financial assets	9	(15,959,758)	-	(15,959,758)
Fair value gains on disposed AFS financial assets reclassified to profit or loss	9	(317,333,803)	-	(317,333,803)
Tax income	21	-	158,799	158,799
Other comprehensive gain (loss)		(333,293,561)	695,901	(332,597,660)
Balance as of December 31, 2014		<u>P 2,026,795,476</u>	<u>(P 11,736,013)</u>	<u>P 2,015,059,463</u>

17.03 Capital Management Objectives, Policies and Procedures

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group has existing loans with a local bank and various funders. A reasonable level of debt-to-equity is maintained to properly manage the Group's operations. Presented below is the 2015 and 2014 debt-to-equity ratio of the Group:

	<u>2015</u>	<u>2014</u>
Total liabilities	P 3,189,328,747	P 3,158,304,197
Total equity	<u>2,121,666,167</u>	<u>2,291,152,167</u>
Debt-to-equity ratio	<u>1.50:1.00</u>	<u>1.38:1.00</u>

17.04 Capital Requirements for ASC

17.04.01 Minimum Capital Requirement - SEC

On November 11, 2004, the SEC approved memorandum Circular No. 16 which provides for the guidelines on the adoption in the Philippines of the Risk-Based Capital Adequacy (RBCA) Framework for all registered broker dealers in accordance with the Securities Regulation Code. These guidelines cover the following risks:

- (a) Position on market risk;
- (b) Credit risks such as counterparty, settlement, large exposure and margin financing risks; and,
- (c) Operational risks.

ASC monitors capital on the basis of RBCA ratio and Net Liquid Capital (NLC). RBCA requirement is the minimum level of capital that has to be maintained by firms which are licensed, or securing a broker dealer license, taking into consideration the firm size, complexity and business risk. Such risks that are considered in determining the capital requirement include, among others, Operational, Position and Credit Risk (which include counterparty, large exposure, underwriting, and margin financing risks).

RBCA ratio is the quotient of the NLC and the sum of the requirements for operation risk, credit risk and position or market risk. NLC, on the other hand, represents the equity eligible for NLC adjusted for non-allowable current and non-current assets as described under the circular.

In order to maintain or adjust the capital structure, ASC may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Under the guidelines set-out by the SEC, all registered brokers dealers should maintain the following RBCA and NLC requirements:

- (a) RBCA ratio of greater than or equal to 1:1.1;
- (b) NLC should be at least P5.0 million or 5.0% of aggregate indebtedness, whichever is higher;
- (c) A dealer who deals only with proprietary shares and does not keep shares in its custody shall maintain a net capital of P2.5 million or 2.5% of aggregate indebtedness, whichever is higher;
- (d) In cases where in order to meet an RBCA ratio of at least 1.1, an NLC higher than P5.0 million is required, the higher NLC shall be maintained; and,
- (e) No broker dealer shall permit its aggregate indebtedness to exceed 2000% of its NLC.

As of December 31, 2015 and 2014, ASC is in compliance with minimum capital requirement set out by the RBCA framework. The ASC's RBCA ratio is 209.0% and 171.0% as of December 31, 2015 and 2014, respectively.

17.04.02 Minimum Capital Requirement – Philippine Stock Exchange's Rules Governing Trading Rights and Trading Participants

On May 28, 2009, the SEC approved PSE's Rules Governing Trading Rights and Trading Participants which provides among others the following provisions:

- (a) Trading participants should have a minimum unimpaired paid-up capital (defined as the trading participant's total paid up capital less any deficiency in the retained earnings account) of P20,000,000 effective December 31, 2009, provided further that effective December 31, 2010 and onwards, the minimum unimpaired paid up capital shall be P30,000,000; and,
- (b) Each trading participant shall pledge its trading right to the extent of its full value to secure the payment of all of debts and claims due to the trading participant, the government, PSE and to other trading participants of the PSE and to the Securities Clearing Corporation of the Philippines.

As of December 31, 2015 and 2014, ASC is in compliance with PSE's Rules Governing Trading Rights and Trading Participants.

17.04.03 Retained Earnings Appropriation

Rule 49.1 (B), Reserve Fund of SEC Memorandum Circular No. 16 requires that every broker dealer shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to Appropriated Retained Earnings account. Appropriation shall be 30%, 20% and 10% of profit after tax for broker dealers with unimpaired paid-up capital of between P10,000,000 to P30,000,000; between P30,000,000 to P50,000,000; and above P50,000,000 million, respectively.

No appropriations were made by ASC in 2015 and 2014 since ASC has a deficit amounting to P55,680,224 and P61,764,403 as of December 31, 2015 and 2014, respectively.

17.05 Capital Requirements for ACIC

Under the provisions of Section 8 of RA No. 8366, an Act amending Presidential Decree No. 129, otherwise known as the Investment Houses Law, ACIC is required to maintain a minimum paid-up capital of P300,000,000.

As of December 31, 2015 and 2014, ACIC is in compliance with minimum capital requirement set out by the RA No. 8366.

17.06 Track Record

On November 17, 1994, the SEC approved the listing of the Parent Company's shares totaling 1,193,200,000. The shares were initially issued at an offer price of P1.00 per share. As of December 31, 2015, there are 111 holders of the listed shares equivalent to 100% of the Group's total outstanding shares. Such listed shares closed at P0.74 per share as of December 31, 2015.

18. EMPLOYEE BENEFITS

18.01 Salaries and Employee Benefits

Details of employee benefits are presented below.

	<u>Note</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Salaries and wages		P 35,063,762	P 36,522,107	P 38,198,908
Bonuses		5,790,528	5,442,845	5,464,376
Staff benefits		4,020,040	3,416,547	2,606,945
Retirement benefits	18.02	3,629,134	3,612,994	3,504,551
Social security costs		1,132,525	1,154,577	1,006,851
Other short-term benefits		<u>51,168</u>	<u>58,218</u>	<u>103,100</u>
		<u>P 49,687,157</u>	<u>P 50,207,288</u>	<u>P 50,884,731</u>

18.02 Post-Employment Defined Benefit

(a) Characteristics of the Defined Benefit Plan

The Group maintains a tax-qualified and non-contributory retirement plan that is being administered by a trustee bank covering all regular full-time employees. The plan is partially funded as of December 31, 2015 and 2014. Actuarial valuations are made each year to update the post-employment benefit costs and the amount of contributions. The latest actuarial valuation report of the Group's retirement benefit plan as of December 31, 2015 is dated March 30, 2016.

The normal retirement age is 60 with a minimum of 5 years of credited service. Normal retirement benefit is an amount equivalent to 100% of latest monthly salary for every year of credited service, and the manner of payment is lump sum.

(b) *Explanation of Amounts Presented in the Financial Statements*

All amounts presented in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2015. The amounts of post-employment defined benefit obligation recognized and recorded as part of Accounts Payable and Other Liabilities (see Note 16) in the consolidated statements of financial position are determined as follows:

	<u>2015</u>	<u>2014</u>
Present value of the obligation	P 53,321,346	P 52,985,861
Fair value of plan assets	(20,191,873)	(12,147,635)
	<u>P 33,129,473</u>	<u>P 40,838,226</u>

The movements in present value of the post-employment defined benefit obligation recognized in the books are as follows:

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	P 52,985,861	P 50,860,331
Current service cost	3,629,134	3,612,994
Interest expense	2,493,070	2,267,539
Benefits paid	(1,360,897)	(3,733,672)
Remeasurements:		
Actuarial losses (gains) arising from changes in:		
Experience adjustments	(3,927,093)	247,790
Changes in financial assumptions	(498,729)	(269,121)
	<u>P 53,321,346</u>	<u>P 52,985,861</u>

The movements in the fair value of plan assets are as follows:

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	P 12,147,635	P 5,000,000
Contributions	10,000,000	10,000,000
Benefits paid	(1,360,897)	(3,733,672)
Interest income	731,467	365,536
Remeasurement gain	(1,326,332)	515,771
Balance at end of year	<u>P 20,191,873</u>	<u>P 12,147,635</u>

The composition of the fair value of plan assets at the end of each reporting period by category is shown below.

	<u>2015</u>	<u>2014</u>
Government bonds	P 7,571,899	P 6,498,985
Unit Investment Trust Funds (UITFs)	6,737,855	4,521,349
Cash and cash equivalents	5,882,119	1,104,221
Others	<u>-</u>	<u>23,080</u>
	<u>P 20,191,873</u>	<u>P 12,147,635</u>

The fair value of the above debt securities were determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy).

The plan assets incurred as loss in 2015 amounting to P594,865 and earned a return in 2014 amounting to P881,307.

As of December 31, 2015 and 2014, the plan assets do not comprise any of the Group's own financial instruments and the fund does not own any shares of stock of the Group.

The components of amounts recognized in consolidated statements profit or loss and in other comprehensive income in respect of the post-employment defined benefit plan are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Reported in profit or loss:</i>			
Current service cost	P 3,629,134	P 3,612,994	P 3,504,551
Net interest expense	<u>1,761,603</u>	<u>1,902,003</u>	<u>2,767,380</u>
	<u>P 5,390,737</u>	<u>P 5,514,997</u>	<u>P 6,271,931</u>
<i>Reported in other comprehensive income:</i>			
Actuarial gains (losses) arising from changes in:			
Experience adjustments	P 3,927,093	(P 247,790)	(P 2,357,809)
Financial assumptions	498,729	269,121	4,616,588
Remeasurement gain (loss) on plan assets	(1,326,332)	<u>515,771</u>	<u>-</u>
	<u>3,099,490</u>	<u>537,102</u>	<u>2,258,779</u>
Tax expense	(1,050,859)	<u>(158,799)</u>	<u>(196,203)</u>
	<u>P 2,048,631</u>	<u>P 695,901</u>	<u>P 2,062,576</u>

Current service cost is recorded as part of Employee Benefits in the consolidated statements of profit or loss (see Note 18.01).

Net interest cost is presented under the Finance Costs account in the consolidated statements of profit or loss (see Note 20.02).

Amount recognized in other comprehensive income is included and is presented as item that will not be reclassified subsequently to profit or loss.

In determining the retirement benefit obligation, the following actuarial assumptions were used:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Discount rates	4.54% - 5.51%	4.32% - 4.92%	4.13% - 4.85%
Expected rates of salary increase	8.00%	8.00%	8.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining working lives of employees before retirement at the age of 60 is 18.3 years and 16.4 years for males and females, respectively, in 2015, and 14.3 years and 17.5 years for males and females, respectively, in 2014. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero-coupon government bonds with terms to maturity approximating to the terms of the post-employment defined benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

(i) *Interest Rate Risk*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents, debt securities, and UITFs. Due to the long-term nature of the plan obligation, a level of continuing debt securities and UITF investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(iii) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31:

	Impact on Post-employment Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2015			
Discount rate	+/-1%	(P 876,138)	P 950,148
Salary growth rate	+/-1%	665,632	(623,540)
2014			
Discount rate	+/-1%	(P 1,221,697)	P 1,044,739
Salary growth rate	+/-1%	1,232,864	(917,242)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(iv) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Group ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of the plan assets as of December 31, 2015 consists of debt securities, although the Group also invests in UITFs and cash and cash equivalents.

There has been no change in the Group's strategies in managing the related risks from the previous period.

(v) *Funding Arrangements and Expected Contributions*

The plan is currently underfunded by P33,129,473 based on the latest actuarial valuation. While there are no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk in about 10 years' time when a significant number of employees is expected to retire.

Management is yet to assess to the amount of contribution for the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan as of December 31, 2015 and 2014 for the next 10 years are as follows:

	<u>2015</u>	<u>2014</u>
Within one year	P -	P 981,380
More than one year to five years	16,795,006	14,475,405
More than five years to 10 years	<u>8,655,824</u>	<u>11,526,709</u>
Total	<u>P 25,450,830</u>	<u>P 26,983,494</u>

The weighted average duration of the post-employment defined benefit obligation at the end of each reporting period is 8.57 years in 2015.

19. OTHER EXPENSES

This account consists of:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Fines and penalties	P 5,245,062	P 5,781,734	P 4,241,470
Office supplies	2,373,322	1,397,640	1,742,450
Insurance	1,573,940	1,772,866	1,490,736
Condominium dues	1,500,964	1,601,944	2,004,432
Repairs and maintenance	1,029,458	2,220,777	1,226,161
Bank charges	86,802	208,199	113,245
Miscellaneous	<u>2,253,919</u>	<u>2,001,668</u>	<u>2,751,768</u>
	<u>P 14,063,467</u>	<u>P 14,984,828</u>	<u>P 13,570,262</u>

20. FINANCE INCOME (COSTS)

The breakdown of this account is as follows:

20.01 Finance Income

	Notes	2015	2014	2013
Gain on sale of investments	8, 9	P 144,437,712	P 396,100,762	P 143,944,577
Fair value gains on financial assets at FVTPL	8	30,491,273	-	-
Interest income		245,427	123,179	1,138,635
		<u>P 175,174,412</u>	<u>P 396,223,941</u>	<u>P 145,083,212</u>

20.02 Finance Costs

	Notes	2015	2014	2013
Interest expense	14	P 184,080,391	P 184,403,786	P 179,213,236
Net interest cost on post-employment defined benefit plan	18.03	1,761,603	1,902,003	2,767,380
Impairment losses	9, 10	-	76,604,671	5,921,850
Fair value loss on financial assets at FVTPL	8	-	20,727,691	19,955,493
		<u>P 185,841,994</u>	<u>P 283,638,151</u>	<u>P 207,857,959</u>

21. TAXES

The components of tax expense (income) reported in the consolidated statements of comprehensive income are as follows:

	2015	2014	2013
<i>Recognized in profit or loss:</i>			
Regular corporate income tax (RCIT) at 30%	P 7,735,726	P 7,684,668	P 14,580,567
Minimum corporate income tax (MCIT) at 2%	1,692,366	1,856,029	2,314,831
Final tax at 20%	167,325	1,767,187	73,636
Final tax at 0.05%	-	569,167	-
<i>Balance carried forward</i>	<u>P 9,595,417</u>	<u>P 11,877,051</u>	<u>P 16,969,034</u>

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Balance brought forward</i>	P 9,595,417	P 11,877,051	P 16,969,034
Deferred tax income relating to origination and reversal of temporary differences	<u>(13,877,691)</u>	<u>(7,242,588)</u>	<u>(12,995,756)</u>
	<u>(P 4,282,274)</u>	<u>P 4,634,463</u>	<u>P 3,973,278</u>
<i>Recognized in other comprehensive income –</i>			
Deferred tax expense on actuarial gains on post-employment defined benefit plan	<u>(P 1,050,859)</u>	<u>(P 158,799)</u>	<u>(P 196,203)</u>

The reconciliation of tax on pre-tax profit (loss) computed at the applicable statutory rate to tax expense is as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax on pre-tax profit (loss)	(P 356,895)	P 34,668,362	(P 3,379,551)
Adjustments for income subjected to lower income tax rates	116,255	2,242,646	(36,818)
Tax effects of:			
Non-taxable income	(40,488,291)	(98,753,046)	(22,054,372)
Expiration and write-off of net operating loss carry over (NOLCO) and MCIT	25,680,772	57,114,494	19,763,757
Unrecognized deferred tax asset	7,051,736	6,184,279	10,069,098
Non-deductible expenses	3,714,149	4,049,975	-
Recognition of previously unrecognized deferred tax assets	-	(872,246)	(8,794,977)
Applied MCIT	<u>-</u>	<u>-</u>	<u>459,585</u>
	<u>(P 4,282,274)</u>	<u>P 4,634,463</u>	<u>P 3,973,278</u>

The net deferred tax assets which are presented in the consolidated statements of financial position as of December 31 relate to the following:

	<u>Statements of Financial Position</u>	
	<u>2015</u>	<u>2014</u>
NOLCO	P 67,447,674	P 54,984,482
Allowance for impairment losses	56,330,199	56,355,296
Accrued retirement benefit obligation	7,237,680	9,045,238
Fair value gain on investments at FVTPL	(3,085,412)	(4,369,826)
Unamortized past service cost	2,134,508	1,222,628
Accrued short-term employee benefits	123,754	123,754
Net deferred tax assets	<u>P 130,188,403</u>	<u>P 117,361,573</u>

	<u>Statements of Profit or Loss</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
NOLCO	(P 12,463,192)	P 18,606,388	(P 3,842,237)
Fair value gain on investments at FVTPL	(1,676,955)	(6,394,760)	(9,816,931)
Unamortized past service cost	(519,340)	(1,025,773)	196,855
Allowance for impairment losses	25,098	(18,292,046)	-
Accrued retirement benefit obligation	756,698	(136,396)	141,094
MCIT	-	-	325,463
Deferred tax income	<u>(P 13,877,691)</u>	<u>(P 7,242,588)</u>	<u>(P 12,995,756)</u>

	<u>Statements of Other Comprehensive Income</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarial gains	<u>P 3,099,490</u>	<u>P 537,102</u>	<u>P 2,258,779</u>
Deferred tax expense	<u>P 1,050,859</u>	<u>P 158,799</u>	<u>P 196,203</u>

The details of unrecognized deferred tax assets as of December 31 are summarized below.

	<u>2015</u>		<u>2014</u>	
	<u>Amount</u>	<u>Tax Effect</u>	<u>Amount</u>	<u>Tax Effect</u>
NOLCO	P 164,569,963	P 49,370,989	P 138,470,404	P 41,541,121
Allowance for impairment losses	96,558,769	28,967,631	96,558,769	28,967,631
Allowance for non-recoverability of deferred oil exploration costs	15,418,003	4,625,401	15,418,003	4,625,401
Retirement benefit obligation	9,003,873	2,701,162	10,687,440	3,206,232
MCIT	5,863,226	5,863,226	6,642,472	6,642,472
Past service cost	4,775,170	1,432,551	2,869,237	860,771
Accrued short-term employee benefits	581,750	174,525	581,750	174,525
	<u>P 296,770,754</u>	<u>P 93,135,485</u>	<u>P 271,228,075</u>	<u>P 86,018,153</u>

The breakdown of NOLCO, which can be claimed as deductions from future taxable income within three years from the year the taxable loss was incurred, is shown below.

<u>Year Incurred</u>	<u>Parent</u>	<u>Subsidiaries</u>	<u>Expired Amount</u>	<u>Balance</u>	<u>End of Availment</u>
2015	P 120,230,619	P 24,961,526	P -	P 145,192,145	2018
2014	104,594,961	38,024,426	-	142,619,387	2017
2013	78,686,647	22,897,364	-	101,584,011	2016
2012	<u>56,747,031</u>	<u>20,801,584</u>	<u>77,548,615</u>	<u>-</u>	2015
	<u>P 360,259,258</u>	<u>P 106,684,900</u>	<u>P 77,548,615</u>	<u>P 389,395,543</u>	

The Parent Company incurred NOLCO in 2013 and 2012 amounting to P78,686,647 and P56,747,031, respectively, on which the related deferred tax asset amounting to P23,605,994 and P17,024,109 were written off in 2015 and 2014, respectively, a year before their expected expiration as management has determined that the Parent Company would still be in a taxable loss position in 2016. Conversely, the Parent Company recognized and retained the deferred tax asset from the NOLCO incurred in 2015 and 2014, respectively, as management believes that the Parent Company would be able to recoup from its taxable loss position beginning 2017 based on its income projections.

The Group is subject to MCIT which is computed at 2% of gross income, as defined under the tax regulations or RCIT at 30%, whichever is higher. MCIT which is available for offset against future income tax payable for income tax purposes is as follows:

<u>Year Incurred</u>	<u>Parent</u>	<u>Subsidiaries</u>	<u>Expired Amount</u>	<u>Balance</u>	<u>End of Availment</u>
2015	P 1,405,465	P 286,901	P -	P 1,692,366	2018
2014	1,702,835	153,194	-	1,856,029	2017
2013	1,894,250	420,581	-	2,314,831	2016
2012	<u>2,074,778</u>	<u>396,834</u>	<u>2,471,612</u>	<u>-</u>	2015
	<u>P 7,077,328</u>	<u>P 1,257,510</u>	<u>P 2,471,612</u>	<u>P 5,863,226</u>	

In 2015, 2014 and 2013, respective taxable entities within the Group claimed itemized deductions in computing for its income tax due.

22. EARNINGS (LOSS) PER SHARE

Earnings per share amounts for the years ended December 31, are computed as follows:

	<u>Note</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net profit (loss)		<u>P 3,092,625</u>	<u>P 110,926,742</u>	<u>(P 15,238,448)</u>
Divided by the weighted average number of outstanding shares:				
Issued shares	17.01	<u>1,193,200,000</u>	<u>1,193,200,000</u>	<u>1,193,200,000</u>
Treasury shares	17.01	<u>(171,413,600)</u>	<u>(171,413,600)</u>	<u>(171,413,600)</u>
Outstanding shares		<u>1,021,786,400</u>	<u>1,021,786,400</u>	<u>1,021,786,400</u>
Earnings (losses) per share		<u>P 0.0030</u>	<u>P 0.1086</u>	<u>(P 0.0149)</u>

As of December 31, 2015, 2014, and 2013, the Group has no outstanding potentially dilutive shares; hence, basic earnings (losses) per share are equal to diluted earnings (losses) per share in the years presented.

23. COMMITMENTS AND CONTINGENCIES

23.01 Legal Claims

The Group is either a defendant or plaintiff in lawsuits and legal actions arising from its various business activities. Management believes that the claims against the Group are either without merit or that the ultimate liability, if any, resulting from lawsuits and legal actions will not materially affect the Group's consolidated financial statements.

23.02 Operating Leases

The Group is a lessor under non-cancellable operating leases covering its condominium units. The leases have terms two years with renewal options. The future minimum rentals receivable under these non-cancellable operating leases as of December 31, 2015 and 2014 amount to P2,724,970.

Total rentals from these operating leases amounted to P1,458,915 in 2015 and P1,362,485 in 2014 and 2013, and are presented as part of the Other Income account in the consolidated statements of profit or loss (see Note 11.03).

23.03 Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations, which are not reflected in the accompanying consolidated financial statements. As of December 31, 2015, management is of the opinion that losses, if any, from these events and conditions will not have a material effect on the Group's consolidated financial statements.



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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

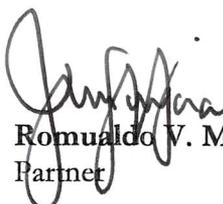
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The Board of Directors and the Stockholders
First Abacus Financial Holdings Corporation
Unit 2904-A East Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of First Abacus Financial Holdings Corporation and Subsidiaries for the year ended December 31, 2015, on which we have rendered our report dated April 8, 2016. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO


By: **Romualdo V. Murcia III**
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 5321731, January 4, 2016, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-2 (until Sept. 5, 2016)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-22-2013 (until Nov. 7, 2016)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002
SEC Accreditation No. 0002-FR-4

April 8, 2016

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

List of Supplementary Information December 31, 2015

<u>Schedule</u>	<u>Content</u>
Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68	
A	Financial Assets Financial Assets at Fair Value Through Profit or Loss
*	Held-to-maturity Investments Available-for-sale Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Intangible Assets - Other Assets
E	Long-term Debt
F	* Indebtedness to Related Parties
G	* Guarantees of Securities of Other Issuers
H	Capital Stock

Others Required Information

Schedule of Selected Financial Performance Indicators as of and for the years ended December 31, 2015 and 2014

- * Reconciliation of Retained Earnings Available for Dividend Declaration
- Schedule of Philippine Financial Reporting Standards and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as of December 31, 2015
- Map Showing the Relationship Between the Parent Company and its Related Entities

** These schedules and supplementary information are not included as these are not applicable to the Group.*

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

**Schedule A - Financial Assets
December 31, 2015**

(Amount in Philippine Pesos)

<i>Name of issuing entity and association of each issue</i>	<i>Number of shares or principal amount of bonds or notes</i>	<i>Amount shown on the statement of the financial position</i>	<i>Valued based on the market quotation at reporting date (per share)</i>	<i>Income received and accrued</i>
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Investments at Fair Value Through Profit or Loss

2GO GROUP, INC.	92,926	P 639,331	P 6.88	
8990 HOLDINGS, INC.	394,074	2,797,925	7.10	
A. BROWN COMPANY, INC	293,432	220,074	0.75	
A. SORIANO CORPORATION "A"	1,819,556	11,608,767	6.38	
ABACORE CAPITAL HOLDINGS, INC.	1,120,771	425,893	0.38	
ABOITIZ EQUITY VENTURES, INC	619	35,871	57.95	
ABOITIZ POWER CORPORATION	2,973	123,974	41.70	
ABRA MINING & INDUSTRIAL CORP	513,648,561	2,568,243	0.01	
ABS-CBN CORPORATION	26,023	1,610,824	61.90	
ABS-CBN HOLDING CORP. - PDR	19	1,191	62.70	
ACESITE (PHILIPPINES) HOTEL CORPORATION	690	869	1.26	
AGRINURTURE, INC.	91,214	431,442	4.73	
ALLIANCE GLOBAL GROUP, INC.	17,050	274,505	16.10	
ALLIANCE SELECT FOODS INTERNATIONAL INC.	1,371,710	1,083,651	0.79	
ALSONS CONSOLIDATED RESOURCES	100,644	134,863	1.34	
ALTERA CAPITAL PARTNERS	60	197	3.28	
ANGLO-PHIL HOLDINGS	3,411,540	3,582,117	1.05	
APC GROUP, INC.	8,253,100	3,713,895	0.45	
ARANETA PROPERTIES, INC.	671	752	1.12	
ARTHA LAND CORPORATION	5,002,957	1,100,651	0.22	
ASIA AMALGAMATED HOLDINGS CORP	1,900	-	-	
ASIA UNITED BANK CORPORATION	219	10,107	46.15	
ASIABEST GROUP	417	4,287	10.28	
ASIAN TERMINAL, INC.	1,000	11,700	11.70	
ATLAS CONS MNG & DEVT CORP	1,306,598	5,317,854	4.07	
ATN HOLDINGS, INC.	452,240	94,066	0.21	
ATN HOLDINGS, INC.'B'	41,700	9,591	0.23	
ATOK BIG WEDGE MINING CO INC A	298	2,834	9.51	
AYALA CORPORATIN CLASS B1	5	2,615	523.00	
AYALA CORPORATION "A"	6	4,536	756.00	
AYALA LAND, INC.	4,658	160,468	34.45	
BANK OF THE PHILIPPINE ISLANDS	20,140	1,688,739	83.85	
BASIC ENERGY CORPORATION	1,729,752	363,248	0.21	
BDO LEASING & FINANCE, INC.	1,553,532	3,821,689	2.46	
BDO UNIBANK, INC.	1,608	168,840	105.00	
BELLE CORPORATION	711,469	2,070,375	2.91	
BENGUET CORP.-Convtible Pref A	9	103	11.46	
BENGUET CORPORATION "A"	199	1,095	5.50	
BENGUET CORPORATION "B"	181	965	5.33	
BERJAYA PHILIPPINES INC.	17,194,832	490,052,712	28.50	
BLOOMBERRY RESORTS CORPORATION	321,729	1,460,650	4.54	
BOGO MEDELLIN MILLING CO.	18	691	38.40	
BOULEVARD HOLDINGS, INC.	651,348	26,705	0.04	
BRIGHT KINDLE RESOURCES & INVES	520,851	687,523	1.32	
CALATA CORPORATION	700	2,303	3.29	
CEBU AIR, INC.	6,871	565,827	82.35	
CEBU HOLDINGS, INC	162,251	840,460	5.18	
CEBU PROPERTY VENT & DEVT "A"	12,935	77,610	6.00	
CEBU PROPERTY VENT & DEVT "B"	39	222	5.70	
CENTRAL AZUCARERA DE TARLAC	4	360	90.05	
CENTRO ESCOLAR UNIVERSITY	67	663	9.89	
CENTURY PEAK METALS HOLDINGS CORPORATION	9,982	5,989	0.60	
CENTURY PROPERTIES GROUP INC.	14,873	8,329	0.56	
CHEMICAL INDUSTRIES OF THE PHILIPPINES	280	25,788	92.10	
CHINA BANKING CORPORATION	1,224	45,533	37.20	
CIRTEK HOLDINGS PHILIPPINES CORPORATION	34	706	20.75	
CITY & LAND DEVELOPERS, INC.	669	609	0.91	
CITYLAND DEVELOPMENT CORP "A"	1,915	1,972	1.03	
CITYSTATE SAVINGS BANK, INC.	140	1,400	10.00	
COAL ASIA HOLDINGS INCORPORATED	2,569,700	1,490,426	0.58	
COL FINANCIAL GROUP, INC.	70,045	1,050,675	15.00	
CONCEPCION INDUSTRIAL CORP	69	2,967	43.00	

<i>Name of issuing entity and association of each issue</i>	<i>Number of shares or principal amount of bonds or notes</i>	<i>Amount shown on the statement of the financial position</i>	<i>Valued based on the market quotation at reporting date (per share)</i>	<i>Income received and accrued</i>
CONCRETE AGGREGATES CORP "A"	94	2,839	30.20	
COSCO CAPITAL, INC.	1,272,875	10,437,575	8.20	
CROWN EQUITIES, INC.	2,042,107	245,053	0.12	
CYBER BAY CORPORATION	48,128	21,176	0.44	
D&L INDUSTRIES, INC.	18,847	172,450	9.15	
DA VINCI CAPITAL HOLDINGS, INC.	291	466	1.60	
DEL MONTE PHILIPPINES	286	3,844	13.44	
DFNN, INC.	50,006	248,030	4.96	
DIZON COPPER SILVER MINES, INC	25,869	186,774	7.22	
DMCI HOLDINGS, INC.	2,993	41,303	13.80	
DOUBLEDRAGON PROPERTIES CORPORATION	713	17,397	24.40	
EAST WEST BANKING CORPORATION	416,712	7,892,525	18.94	
EASYCALL COMM PHILS INC COMMON	26,056	74,520	2.86	
EEL CORPORATION	769,410	4,154,814	5.40	
EMPERADOR INC.	33,366	298,626	8.95	
EMPIRE EAST LAND HOLDINGS, INC	849,320	653,976	0.77	
ENERGY DEVELOPMENT CORP.	5,352	33,182	6.20	
EURO-MED LAB. PHIL., INC.	258	428	1.66	
EVER-GOTESCO RES. & HOLDINGS	1,320,000	205,920	0.16	
F&J PRINCE HOLDINGS CORP.	847	4,921	5.81	
FAR EASTERN UNIVERSITY, INC	31	29,605	955.00	
FILINVEST DEVELOPMENT CORP.	902,367	3,970,415	4.40	
FILINVEST LAND, INC.	39,727	71,906	1.81	
FILIPINO FUND, INC.	500	3,420	6.84	
FIRST GEN CORPORATION	24,904	562,830	22.60	
FIRST PHIL HOLDINGS CORP "A"	13	846	65.05	
FORUM PACIFIC, INC.	5,505	1,156	0.21	
GEOGRACE RESOURCES,PHILS.,INC.	19,211,248	5,283,093	0.28	
GINEBRA SAN MIGUEL, INC.	50,181	579,089	11.54	
GLOBAL FERRONICKEL HOLDINGS, IN	288,582	199,122	0.69	
GLOBAL-ESTATE RESORTS, INC.	824,999	849,749	1.03	
GLOBE TELECOM INC, "A"	73	135,196	1,852.00	
GMA HOLDINGS, INC.	336,394	2,428,765	7.22	
GMA NETWORK, INC.	274,626	1,894,919	6.90	
GRAND PLAZA HOTEL CORP(COMMON)	76	1,353	17.80	
GT CAPITAL HOLDINGS, INC.	26	34,320	1,320.00	
HOLCIM PHILIPPINES, INC.	51,097	727,621	14.24	
HOUSE OF INVESTMENTS, INC	200,317	1,103,747	5.51	
IMPERIAL RESOURCES, INC "A"	70,920	297,864	4.20	
INTEGRATED MICRO-ELECTRONICS, INC.	89	502	5.64	
INT'L CONTAINER TERMINAL SERV	189	13,287	70.30	
IONICS,INC.	2,499,196	6,148,022	2.46	
IP E-GAME VENTURES, INC.	1,956	10	0.01	
IPEOPLE, INC.	207,187	2,279,057	11.00	
IRC PROPERTIES, INC.	950,229	1,073,759	1.13	
I-REMIT, INC.	381,136	705,102	1.85	
ISM COMMUNICATIONS CORP.	80,796	113,115	1.40	
JACKSTONES INC.	1,049,600	2,130,688	2.03	
JG SUMMIT HOLDINGS, INC.	10,887	798,017	73.30	
JOLLIBEE FOODS CORPORATION	3	657	219.00	
KEPPEL PHIL HOLDINGS INC "B"	270	1,312	4.86	
KEPPEL PHILS. HOLDINGS INC "A"	51,312	202,169	3.94	
KEPPEL PHILS. PROPERTIES, INC.	2,928	10,980	3.75	
LAFARGE REPUBLIC, INC.	2,667	-	-	
LBC EXPRESS HOLDINGS, INC./FEDERAL	65	780	12.00	
LEISURE & RESORTS WORLD CORP.	1,533	11,697	7.63	
LEPANTO CONSOLIDATED MNG CO A	2,942,431	511,983	0.17	
LEPANTO CONSOLIDATED MNG CO B	2,085,077	421,186	0.20	
LIBERTY FLOUR MILLS, INC.	715	18,590	26.00	
LIBERTY TELECOM	11,117	48,470	4.36	
LMG CHEMICALS CORPORATION	25,045	44,330	1.77	
LODESTAR INVSMT HOLDINGS CORP.	151,086	104,249	0.69	
LOPEZ HOLDINGS CORPORATION	379,370	2,503,842	6.60	
LORENZO SHIPPING CORPORATION	24,458	26,415	1.08	
LT GROUP, INC.	1,528	22,584	14.78	
MABUHAY HOLDINGS CORPORATION	7,500	3,600	0.48	
MABUHAY VINYL CORPORATION	223,590	693,129	3.10	
MACAY HOLDINGS, INC.	122	4,520	37.05	
Macro Asia Corp.(Cobertson)	1,621,832	3,486,939	2.15	
MAKATI FINANCE CORPORATION	123	348	2.83	
MANILA BULLETIN PUBLISHING COR	52,673	28,443	0.54	
MANILA ELECTRIC COMPANY "A"	395	126,400	320.00	
MANILA JOCKEY CLUB, INC.	1,780	3,560	2.00	

<i>Name of issuing entity and association of each issue</i>	<i>Number of shares or principal amount of bonds or notes</i>	<i>Amount shown on the statement of the financial position</i>	<i>Valued based on the market quotation at reporting date (per share)</i>	<i>Income received and accrued</i>
MANILA MINING CORPORATION "A"	251,806,365	2,518,064	0.01	
MANILA MINING CORPORATION "B"	197,085,902	2,167,945	0.01	
MANILA WATER COMPANY, INC.	1,389	34,447	24.80	
MANULIFE FINANCIAL CORP.	156	108,732	697.00	
MARCVENTURES HOLDINGS, INC.	10,080	20,160	2.00	
MAX'S/ PANCAKE HOUSE	10,024	200,280	19.98	
MEDCO HOLDINGS, INC.	990	485	0.49	
MEGAWIDE CONSTRUCTION CORPORATION	11,761	72,918	6.20	
MEGAWORLD CORPORATION	1,974	8,390	4.25	
MELCO CROWN (PHILIPPINES) RESORTS CORPORATION	100,048	229,110	2.29	
MER	880	230,679	-	
METRO PACIFIC INV'T CORP.	30,906	160,710	5.20	
METRO RETAIL STORES GROUP, INC.	150	597	3.98	
METROPOLITAN BANK & TRUST CO	398	32,039	80.50	
MILLENNIUM GLOBAL HOLDINGS, INC	684,710	191,719	0.28	
MINERALES INDUSTRIAS CORP.	1,057,866	10,515,188	9.94	
MJC INVESTMENTS CORPORATION	1,854	6,489	3.50	
MRC ALLIED, INC.	2,594,429	199,771	0.08	
NATIONAL REINSURANCE CORP.	4,920,883	4,576,421	0.93	
NICKEL ASIA CORPORATION	39,929	249,556	6.25	
NIHAO MIN. RES. INT'L INC.	244,353	684,188	2.80	
NOW CORPORATION	799	599	0.75	
OMICO CORPORATION	992,038	565,461	0.57	
ORIENTAL PENINSULA RES.GRP.INC	150,656	210,918	1.40	
ORIENTAL PET & MINERAL CORP A	88,940,741	836,043	0.01	
ORIENTAL PET & MINERAL CORP B	49,457,402	484,683	0.01	
PACIFIC ONLINE SYSTEM CORP.	916	16,928	18.48	
PACIFICA, INC. "A"	45,279,689	1,403,670	0.03	
PAL HOLDINGS, INC.	34,047	156,276	4.59	
PANASONIC MFG. PHILS., CORP.	461	1,812	3.93	
PAXYS, INC.	250,328	663,369	2.65	
PEPSI-COLA PROD. PHIL., INC.	601,035	2,211,809	3.68	
PETROENERGY RESOURCES CORP.	1,441	5,044	3.50	
PETRON CORPORATION	60,791	424,929	6.99	
PHIL BANK OF COMMUNICATIONS A	8	180	22.50	
PHIL LONG DIS TEL CO "COMMON"	17	35,020	2,060.00	
PHIL. REALTY & HOLDINGS CORP.	10,166,156	4,523,939	0.45	
PHILEX MINING CORP. "A"	480,904	2,115,978	4.40	
PHILEX PETROLEUM CORPORATION	162,596	211,375	1.30	
PHILIPPINE BUSINESS BANK	792	13,448	16.98	
PHILIPPINE ESTATES CORPORATION	8,000	2,280	0.29	
PHILIPPINE H2O VENTURES CORPORA	348	1,288	3.70	
PHILIPPINE NATIONAL BANK	4,829	251,108	52.00	
PHILIPPINE RACING CLUB, INC.	192	1,805	9.40	
PHILIPPINE SAVINGS BANK	27,073	2,785,812	102.90	
PHILIPPINE SEVEN CORPORATION	24	2,400	100.00	
PHILIPPINE STOCK EXCHANGE, INC	27	7,425	275.00	
PHILIPPINE TRUST COMPANY	42	5,124	122.00	
PHILWEB CORPORATION	58,997	1,362,831	23.10	
PHINMA CORPORATION	91,133	1,075,369	11.80	
PHOENIX PETROLEUM PHIL., INC.	13,451	49,096	3.65	
PREMIERE HORIZON ALLIANCE CORPORATION	1,528,126	748,782	0.49	
PREMIERE LEISURE CORPORATION	7,331,705	4,692,291	0.64	
PRIME MEDIA HOLDINGS, INC.	100,522	120,626	1.20	
PRIME ORION PHILIPPINES, INC.	14,040,064	25,693,317	1.83	
PTFC REDEVELOPMENT CORPORATION	26	494	19.00	
PUREGOLD PRICE CLUB, INC.	1,330	46,151	34.70	
REPUBLIC GLASS HLDNGS CORP "A"	4,273	10,811	2.53	
RFM CORPORATION	173,855	686,727	3.95	
RIZAL COMM'L BANKING CORP "A"	36,443	1,202,619	33.00	
ROBINSONS LAND CORPORATION	7,229	198,798	27.50	
ROBINSONS RETAIL	3	189	63.00	
ROCKWELL LAND CORPOR'ATION	1,892,204	2,649,086	1.40	
ROXAS AND COMPANY, INC.	2,763	6,051	2.19	
ROXAS HOLDINGS, INC.	167,159	800,692	4.79	
SAN MIGUEL CORPORATION "A"	1,672	83,433	49.90	
SAN MIGUEL CORPORATION SERIES "2-C PREFERRED	12	996	83.00	
SAN MIGUEL PUREFOODS COMPANY, INC. A	4,177	538,833	129.00	
SBS PHILIPPINES CORPORATION	348,600	2,154,348	6.18	
SEAFRONT RESOURCES CORP. "A'	475,510	1,141,224	2.40	
SECURITY BANK CORPORATION	153	21,726	142.00	
SEMIRARA MINING CORPORATION	1,152	157,248	136.50	
SHANGRILA PROPERTIES, INC.	182,713	571,892	3.13	

<i>Name of issuing entity and association of each issue</i>	<i>Number of shares or principal amount of bonds or notes</i>	<i>Amount shown on the statement of the financial position</i>	<i>Valued based on the market quotation at reporting date (per share)</i>	<i>Income received and accrued</i>
SM INVESTMENTS CORPORATION	81	69,984	864.00	
SM PRIME HOLDINGS, INC	331	7,183	21.70	
SOC RESOURCES, INC.	201,027	142,729	0.71	
SOLID GROUP, INC.	400,375	456,428	1.14	
SPLASH CORPORATION	265,851	653,993	2.46	
SSI GROUP, INC.	7,328	25,282	3.45	
STA. LUCIA LAND, INC.	93,064	72,590	0.78	
STARMALLS, INC.	473	3,311	7.00	
STI EDUCATION SYSTEMS HOLDINGS, INC.	9,377	4,032	0.43	
SUN LIFE FIN. SERV. OF CANADA	4,680	6,739,200	1,440.00	
SUNTRUST HOME DEVELOPERS, INC.	2,288,897	1,922,673	0.84	
SUPERCITY REALTY DEV'T. CORP.	64,000	25,920	0.41	
SWIFT FOODS, INC.	446,838	64,345	0.14	
SWIFT FOODS, INC. CONVERTIBLE PREFERRED	10,821	19,478	1.80	
THE PHILODRILL CORPORATION "A"	29,164,931	349,979	0.01	
TKC STEEL CORP.	133,650	133,650	1.00	
TOP FRONTIER INVESTMENT HOLDING	45	3,042	67.60	
TRANS-ASIA OIL AND ENERGY DEVEL	503,544	1,097,726	2.18	
TRANS-ASIA PETROLEUM CORPORATION	2,266	5,166	2.28	
TRANSPACIFIC BROD. GROUP INT'L	797,957	1,204,915	1.51	
TRAVELLERS INTERNATIONAL HOTEL	802	3,529	4.40	
UNIOIL RESOURCES & HOLDINGS COM	4,410,000	1,234,800	0.28	
UNION BANK OF THE PHILIPPINES	17,512	999,060	57.05	
UNITED PARAGON MINING CORP.	51,700	372	0.01	
UNIVERSAL RIGHTFIELD PROP.	(8,988,420)	-	-	
UNIVERSAL ROBINA CORPORATION	2,154	400,644	186.00	
VANTAGE EQUITIES, INC.	1,578,874	4,957,664	3.14	
VICTORIAS MILLING COMPANY, INC	130	611	4.70	
VISTA LAND & LIFESCAPES, INC	10,576	54,784	5.18	
VITARICH CORPORATION	30,196	18,118	0.60	
VIVANT CORPORATION	1,134	25,515	22.50	
VULCAN INDL & MINING CORP.	3,919,416	4,232,969	1.08	
WATERFRONT PHILIPPINES, INC	1,188,033	403,931	0.34	
WELLEX INDUSTRIES, INC.	7,086	1,488	0.21	
XURPASS	2,600	39,572	15.22	
YEHEY! CORPORATION	236,866	973,519	4.11	
ZUES HOLDINGS, INC.	3,181,294	811,230	0.26	
		P	715,166,513	

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Schedule A - Financial Assets

December 31, 2015

(Amount in Philippine Pesos)

<i>Name of issuing entity and association of each issue</i>	<i>Number of shares or principal amount of bonds or notes</i>	<i>Amount shown on the statement of the financial position</i>	<i>Valued based on the market quotation at reporting date (per share)</i>	<i>Income received and accrued</i>
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Available-for-sale Securities

BERJAYA PHILIPPINES INC.	82,264,231	P	2,344,530,586	P	28.50
COAL ASIA	1,380,000		800,400		0.58
PREMIUM LEISURE CORP	2,500,000		1,600,000		0.64
METRO PACIFIC CORPORATION	5,143,110		10,697,669		2.08
CEBU COUNTRY CLUB	1		5,000,000		5,000,000.00
MIMOSA GOLF	1		400,000		400,000.00
UNIVERSAL LEISURE CLUB	3		3,000,000		1,000,000.00
VALLE VERDE	2		850,000		400,000.00
PCD	228		22,800		
Universal Rightfield Properties	54,890,201		144,910,130		2.64
		P	2,511,811,585		

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
December 31, 2015
(Amount in Philippine Pesos)

Company	Name	Kind of Loan	Balance at Beginning of Period	Additions	Amounts	Amounts Written Off	Current	Not Current	Balance at End of Period
ASC	Bernal, Madelyn	Educational	P 18,631	P -	P 18,631	P -	P -	P -	P -
ASC	Casimsiman, Joel	Educational	17,128	67,000	67,000	-	17,128	-	17,128
ASC	Cometa, Roel	Educational	8,948	42,000	40,211	-	10,737	-	10,737
ASC	Cruz, Elizabeth	Educational	13,601	42,000	41,320	-	14,281	-	14,281
ASC	Delos Santos, Mari Fritz	Educational	9,135	18,000	18,751	-	8,384	-	8,384
ASC	Delos Santos, Marie Anne	Educational	-	98,500	60,869	-	37,631	-	37,631
ASC	Escaman, Raquel	Educational	12,646	60,000	44,700	-	27,946	-	27,946
ASC	Marcelo, Cristina	Educational	-	23,400	12,501	-	10,899	-	10,899
ASC	Lemen, Gregory	Educational	25,184	-	25,184	-	-	-	-
ASC	Norega, Ermen	Educational	16,302	35,000	35,000	-	16,302	-	16,302
ASC	Orlanda, Pamela	Educational	14,839	35,000	35,000	-	14,839	-	14,839
ASC	Rabe, Jennilyn	Educational	-	30,000	21,064	-	8,936	-	8,936
ASC	Sapon, Michelle	Educational	13,973	40,000	35,342	-	18,631	-	18,631
ASC	Velasco, Estella Mae	Educational	4,266	-	4,266	-	-	-	-
ASC	Villar Dennis	Educational	55,893	130,000	130,778	-	55,115	-	55,115
ASC	Agapay, Grace	Emergency	10,782	-	10,782	-	-	-	-
ASC	Banoc, Estrella	Emergency	18,929	40,000	8,929	-	50,000	-	50,000
ASC	Camacho, Rosaly	Emergency	98,037	-	48,624	-	49,413	-	49,413
ASC	Casimsiman, Joel	Emergency	24,271	70,000	39,580	-	54,691	-	54,691
ASC	Cometa, Roel	Emergency	21,661	-	16,622	-	5,039	-	5,039
ASC	Cruz, Norlita	Emergency	3,467	-	3,467	-	-	-	-
ASC	Dela Cruz, Maricel	Emergency	22,665	-	22,665	-	-	-	-
ASC	Escaman, Raquel	Emergency	63,580	-	33,347	-	30,233	-	30,233
ASC	Lana, Geraldine	Emergency	9,465	50,000	9,465	-	50,000	-	50,000
ASC	Marcelo, Christina	Emergency	98,037	-	48,624	-	49,413	-	49,413
ASC	Norega, Ermen	Emergency	7,421	-	6,103	-	1,318	-	1,318
ASC	Ramos, Nole	Emergency	10,397	-	4,587	-	5,810	-	5,810
ASC	Velasco, Estella Mae	Emergency	5,458	49,000	25,164	-	29,294	-	29,294
ASC	Villar Dennis	Emergency	3,785	-	-	-	3,785	-	3,785
ASC	Franco, Raymond Neil	Housing	2,455,000	-	240,000	-	2,215,000	-	2,215,000
ASC	De Guzman, Ma. Cristina	Housing	-	-	-	-	-	-	-
ASC	Fontanilla, Paolo	Car	140,833	-	140,833	-	-	-	-
ASC	Lazaro, Juanito	Car	281,666	-	130,000	-	151,666	-	151,666
ASC	Villar Dennis	Car	128,525	-	100,000	-	28,525	-	28,525
FAF	Abacan, Ervin	Educational	12,719	40,000	35,761	-	16,958	-	16,958
FAF	Patana, Archimedes	Educational	16,302	-	8,836	-	7,466	-	7,466
FAF	Santos, Marilou	Educational	47,602	140,000	140,000	-	47,602	-	47,602
FAF	Sarmiento, Christopher	Educational	20,300	40,000	38,336	-	21,964	-	21,964
FAF	Dela Cruz, Melanio	Educational	-	120,000	9,728	-	110,272	-	110,272
FAF	Castillo, Madonna	Emergency	29,311	75,000	41,195	-	63,116	-	63,116
FAF	Magno, Rosario	Emergency	8,948	35,000	10,449	-	33,499	-	33,499
FAF	Dela Cruz, Melanio	Housing	774,367	-	45,987	-	728,380	-	728,380
FAF	Santos, Marilou	Car	562,500	-	150,000	-	412,500	-	412,500
ACIC	Olavario, Ma. Sheila Olavario	Car	362,917	-	130,001	-	232,916	-	232,916
ACIC	Suganob, Pia Francesca	Car	495,420	-	129,240	-	366,180	-	366,180
ACIC	Domingo, Gwendalene	Car	574,167	-	130,000	-	444,167	-	444,167
ACIC	Mendoza, Arlene	Car	-	600,000	61,825	-	538,175	-	538,175
ACIC	Rosalita, Elnee	Educational	10,192	10,000	10,622	-	9,570	-	9,570
ACIC	Ramos, Christine	Educational	22,922	60,000	57,484	-	25,438	-	25,438
ACIC	Rosalita, Elnee	Emergency	16,836	-	16,836	-	-	-	-
			P 6,569,028	P 1,949,900	P 2,495,708	p -	P 6,023,220	p -	P 6,023,220

1 Show separately accounts receivables and notes receivables. In case of notes receivable, indicate pertinent information such as the due date, interest rate, terms of repayment and collateral, if any.

2 If collection was other than in cash, explain.

3 Give reasons for write off.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Schedule C - Accounts Receivable from Parties which are Eliminated during the Consolidation of Financial Statements
 December 31, 2015
 (Amount in Philippine Pesos)

Name of Related Party	Balance at Beginning of year	Additions	Deductions		Ending Balance		Balance at end of year
			Amounts Collected	Amounts written off	Current	Non-current	
Abacus Securities Corporation	P 1,219,192,672	P 549,728,750	P 1,768,448,512	P -	P 472,909	P -	P 472,909
Abacus Capital & Investment Corporation	577,421	14,778,621	14,648,694	-	707,347	-	707,347

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Schedule D - Intangible Assets - Other Assets the Consolidation of Financial Statements

December 31, 2015

(Amount in Philippine Pesos)

<i>Description</i>	<i>Beginning Balance</i>	<i>Additions at Cost</i>	<i>Charged to Cost and Expense</i>	<i>Charged to Other Accounts</i>	<i>Other Charges Additions (Deductions)</i>	<i>Ending Balance</i>
Goodwill - net	P 35,324,355	P -	P -	P -	P -	P 35,324,355
Trading Right	1,408,000	-	-	-	-	1,408,000
Computer Software	239,573	-	239,573	-	-	-
	<u>P 36,971,928</u>	<u>P -</u>	<u>P 239,573</u>	<u>P -</u>	<u>P -</u>	<u>P 36,732,355</u>

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Schedule E - Long Term Debt

December 31, 2015

(Amount in Philippine Pesos)

<i>Title of Issue and Type of Obligation</i>	<i>Amount Authorized by Indenture</i>	<i>Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Statement of Financial Position</i>	<i>Amount Shown Under Caption "Long-term Debt" in Related Statement of Financial Position</i>
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Notes Payable and Bank Loan	P 2,841,164,824	P 2,841,164,824	P -
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FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Schedule H - Capital Stock
 December 31, 2015
 (Amount in Philippine Pesos)

<i>Title of Issue</i>	<i>Number of Shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related statement of financial position caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Number of Shares held by:</i>		
				<i>Related parties</i>	<i>Directors, officers and employees</i>	<i>Others</i>
Common shares - P1 par value Authorized - P1,800,000,000 shares 1,193,200,000 shares issued and outstanding	1,800,000	1,193,200,000	-	149,760,000	76,286,000	967,154,000
Treasury shares		(171,413,600)	-			
	<u>1,800,000</u>	<u>1,021,786,400</u>	<u>-</u>	<u>149,760,000</u>	<u>76,286,000</u>	<u>967,154,000</u>

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Schedule of Financial Indicators
As of and for the year ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Profitability Ratios		
<u>Net Income</u> Total Assets	0.00:1	0.02:1
<u>Net Income</u> Stockholder's Equity	0.00:1	0.05:1
Debt -to equity Ratio		
<u>Debt</u> Equity	1.50:1	1.38:1
Asset to Equity Ratio		
<u>Asset</u> Equity	2.50:1	2.38:1
Interest Rate Coverage Ratio		
<u>Earnings Before Interest and Taxes</u> Interest Expense	0.05:1	0.01:1
Current/ Liquidity Ratios		
<u>Current Assets</u> Current Liabilities	1.56:1	1.63:1
<u>Quick Assets</u> Current Liabilities	1.56:1	1.63:1
<u>Cash</u> Current Liabilities	0.04:1	0.04:1

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of December 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary		✓		
<i>Philippine Financial Reporting Standards (PFRS)</i>				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendment to PFRS 1: Government Loans**	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures (<i>effective when PFRS 9 is first applied</i>)			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments* (<i>effective January 1, 2018</i>)			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendment to PFRS 10: Transition Guidance	✓		
	Amendment to PFRS 10: Investment Entities	✓		
	Amendment to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (<i>effective date deferred indefinitely</i>)			✓
	Amendment to PFRS 10: Investment Entities – Applying the Consolidation Exception* (<i>effective January 1, 2016</i>)			✓
PFRS 11	Joint Arrangements			✓
	Amendment to PFRS 11: Transition Guidance			✓
	Amendment to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations* (<i>effective January 1, 2016</i>)			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendment to PFRS 12: Transition Guidance	✓		
	Amendment to PFRS 12: Investment Entities	✓		
	Amendment to PFRS 10: Investment Entities – Applying the Consolidation Exception* (effective January 1, 2016)			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts* (effective January 1, 2018)			✓
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Disclosure Initiative * (effective January 1, 2016)			✓
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the End of the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Bearer Plants* (effective January 1, 2016)			✓
	Amendment to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization* (effective January 1, 2016)			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans - Employee Contributions	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendment to PAS 27: Investment Entities	✓		
	Amendment to PAS 27: Equity Method in Separate Financial Statements* (effective January 1, 2016)			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures			✓
	Amendment to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely)			✓
	Amendment to PAS 28: Investment Entities - Applying the Consolidation Exception* (effective January 1, 2016)			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization* (effective January 1, 2016)			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
	Amendment to PAS 41: Bearer Plants* (effective January 1, 2016)			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds**	✓		
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction**	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners**	✓		
IFRIC 18	Transfers of Assets from Customers**	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
<i>Philippine Interpretations - Standing Interpretations Committee (SIC)</i>				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services**	✓		
SIC-32	Intangible Assets - Web Site Costs			✓

* These standards and amendments will be effective for periods subsequent to 2015 and are not early adopted by the Company.

** These standards and amendments have been adopted in the preparation of financial statements but the Company has no significant transactions covered in both years presented.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

**Map Showing the Relationships Between the Company and its Related Entities
December 31, 2015**

