COVER SHEET

A S O 9 4 0 0 1 4 2 0

SEC Registration Number

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

(Company's Full Name)

E-2901A EAST TOWER PSE CENTER EXCHANGE ROAD PASIG CITY

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

ATTY. BAYANI K. TAN	02-6678900
Contact Person	Company Telephone Number

1 2	3 1	SEC Form 17-Q	0 6	3 0
Month	Day	Form Type	Month	Day
Fiscal Year				

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC Form 17-Q

QUARTERLY REPORT PURSUANT TO THE SECURITIES REGULATIONS CODE OF THE PHILIPPINES

1. For the quarter period ended : **June 30, 2017**

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

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

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

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

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

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

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

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

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

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

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

Yes (x) **No ( )**

12. Check whether the registrant:

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

Yes (x) **No ( )**

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

Yes (x) **No ( )**

PART I – Financial Statements

Item 1. Financial Statements

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

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

Financial Highlights
In thousand pesos except for financial ratios

	Period ended June 30		
	2017	**2016**	**% Change Inc. (Dec.)**
Profit and Loss Data			
Revenues	141,847	210,943	(33%)
Total Cost and Expenses	193,194	184,065	5%
Net income (loss)	(23,092)	18,248	(320%)
EBITDA	74,510	134,568	(45%)

	Unaudited June 30, 2017	**Audited Dec. 31, 2016**	**% Change Inc. (Dec.)**
Balance Sheet Data			
Total Assets	6,118,159	6,055,807	(0.1%)
Total Debt	3,913,605	3,808,249	(0.3%)
Total Stockholders' Equity	2,204,553	2,247,558	(0.2%)

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

	Unaudited June 30, 2017	**Audited Dec. 31, 2016**
Liquidity:		
Current Ratio	1.47:1	1.50:1
Coverage/Solvency ratios:		
Assets to Equity	2.78:1	2.69:1
Debt to Equity Ratio	1.78:1	1.69:1
Operating Efficiency:	**June 30 2017**	**June 30 2016**
Revenue Growth – Increase (Decrease)	(33%)	(2%)
Profitability – Increase (Decrease)	(320%)	9%

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

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

The second quarter of 2017 saw a general tempering of expectations as some global institutions, led by the World Bank, adjusted the growth outlook for the country. Most consumption-related indicators posted declines, with exports slipping by 2.5%. Further moderating the momentum prospects were a series of political controversies as well as concerns over the peace and order situation in the country, painfully illustrated by a debilitating attack at the major entertainment center Resorts World and the subsequent drawn-out siege in Marawi that led to the declaration of Martial Law in the island of Mindanao. In addition to local economic and political factors, a hike in the interest rates of the US Federal Reserve further weighed down on the local equities market. The Philippine Stock Exchange index tried to break through the 8,000 level, but failed.

As a direct consequence of the countervailing factors, the performance of the Company for the period saw mixed results. For the second quarter of 2017, Company revenues stood at ₱96.1 million, representing a slight decrease of ₱2.4 million or 2% over the same period last year. Consolidated revenues for the period reached ₱142 million, a decrease of 34% over the ₱211 million realized during the same period last year. However, broker's commission for the quarter was noted at ₱43.8 million, representing an increase of ₱14.4 million from the ₱29.4 million made year-on-year. For the first half of the year total brokers commission increased to ₱73.7 million over the ₱71.4 million realized for the same period last year. During the quarter, the company realized ₱43.7 million on its sale investments in financial assets at fair value through profit and loss, an increase of ₱28.3 million as compared to the ₱23.1 million realized for the same period last year. As of the second quarter, total gains realized from investment of financial assets was noted at ₱62.5 million, a slight decrease of ₱8.1million from last year's ₱70.6 million. During the quarter, a decrease in valuation of our financial assets at fair value through profit and loss was noted at ₱7.8 million as compared to the ₱53.4 million recognized on the same period last year. As of the second quarter of the year, gains in fair value of financial assets reached ₱4.8 million, a material decrease as compared to the ₱68.6 million recognized on the same period last year.

Total costs and expenses during the quarter was noted at ₱98.3 million, an increase of ₱14.9 million from the ₱83 million recorded for the same period last year. Consolidated costs and expenses for the first half of the year were higher at ₱193.2 million as compared to the ₱184 million spent 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 second quarter of the year, the company is reporting a consolidated net income of ₱6.2 million, a decrease of ₱4.2 million as compared to the reported ₱10.5 million recognized for the same period last year. For the first half of the year, however, the company is reporting a consolidated net loss of ₱23 million reversing last year's consolidated net income of ₱18.2 million.

During the period under review, there was an increase noted in the total assets amounting to ₱62 million, from ₱6,056 million in December 2016 to ₱6,118 million in June 2016. The increase was brought about by the increase in trade receivables for collection amounting to ₱10.6 million, increase in property, equipment and other assets amounting to ₱42 million, and with the increase in cash as of the period amounting to ₱13 million.

An increase in total liabilities was also noted during the period amounting to ₱105.4 million bringing total liabilities to ₱3,914 million from ₱3,808 million. The increase was brought about by the additional trade payables amounting to ₱112 million, partially offset by the decrease in short borrowings and non-trade payables amounting to ₱5.1 million and ₱1.9 million, respectively.

As of the period under review, there is a decrease noted in stockholders' equity amounting to ₱43million. This was due to the net result of the operation during the period and net effect of valuation of our available for sale financial assets.

The Company marked its 25th year anniversary in 2016. The milestone validated the Company's stature as an enduring company fully committed to fulfilling its vision and mission as a vehicle for prosperity for its various stakeholders. Despite uncertainties in the global and local political environment, the Company remains optimistic about the prospects of the Philippine economy and the local equities market. Consequently, the Company expects better financial performance moving forward on account of continuing efforts to strengthen its core businesses while expanding its service delivery platform. 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.

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

PART II – OTHER INFORMATION

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

SIGNATURE

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

By:

PAULINO S. SOO
Chairman and Chief Executive Officer

JACK T. HUANG
President

VICENTE CO CHIEN, JR.
Treasurer

First Abacus Financial Holdings Corp. and Subsidiaries
Consolidated Balance Sheets

ASSETS		(Unaudited) June 30 2017		Audited December 31 2016
Cash	₱	90,760,478	₱	77,919,874
Financial Assets at Fair Value Throug Profit or Loss (Note 5)		973,982,490		970,057,383
Available for Sale Financial Assets (Note 6)		2,390,566,830		2,397,978,166
Receivables (Note 7)		2,287,194,757		2,276,624,252
Property and Equipment (Note 8)		58,660,480		51,014,198
Other Assets (Note 9)		316,993,607		282,212,930
	₱	**6,118,158,642**	₱	**6,055,806,803**

LIABILITIES AND STOCKHOLDERS EQUITY				
Interest-bearing loans and borrowings (Note 12)	₱	3,446,513,983	₱	3,451,593,736
Due to customers (Note 10)		298,257,912		185,916,065
Accounts Payable and Other Liabilities (Note 11)		168,833,474		170,738,887
		3,913,605,370		3,808,248,688
STOCKHOLDERS' EQUITY				
Capital Stock		1,193,200,000		1,193,200,000
Additional Paid In Capital		3,104,800		3,104,800
Treasury stock, at cost (Note 13)		(385,670,581)		(385,670,581)
Changes in fair value of available for sale financial assets		1,951,983,613		1,971,896,074
Deficit		(558,064,559)		(534,972,178)
		2,204,553,272		2,247,558,115
	₱	**6,118,158,642**	₱	**6,055,806,803**

See Notes to Financial Statements

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
June 30, 2017

	2017		2016	
	For the Quarter April - June	Year To Date January - June	For the Quarter April - June	Year To Date January - June
REVENUES				
Commision	₱ 43,818,918	₱ 73,665,357	₱ 29,433,304	₱ 71,390,938
Gain on sale of financial assets	43,659,063	62,489,266	15,326,866	70,613,366
Gain in fair value of financial assets	7,774,588	4,764,839	53,383,747	68,564,393
Management /Underwriting fees	50,000	50,000	150,000	150,000
Interest	144,449	232,069	123,935	216,217
Others	609,665	645,088	7,370	7,659
	96,056,682	**141,846,618**	**98,425,222**	**210,942,573**
COST AND EXPENSES				
Finance Costs	56,089,106	111,128,368	51,665,671	101,312,830
Salaries and wages	12,466,717	23,828,254	7,806,925	21,283,325
Commissions	11,385,607	19,561,411	8,379,889	19,464,719
Taxes and Licenses	3,938,816	9,144,661	3,645,756	8,748,654
Stock and exchange and PCD fees	4,226,660	7,374,015	3,715,395	6,681,305
Depreciation and amortization	3,024,529	5,584,915	2,949,939	6,257,895
Other operating expenses	7,156,101	16,572,167	5,237,860	20,315,826
	98,287,535	193,193,790	83,401,435	184,064,554
INCOME (LOSS) BEFORE TAX	(2,230,853)	(51,347,172)	15,023,787	26,878,019
INCOME TAX (BENEFIT)	**(8,478,069)**	**(28,254,791)**	**4,532,083**	**8,629,614**
NET INCOME (LOSS)	**6,247,216**	**(23,092,381)**	**10,491,704**	**18,248,405**
OTHER COMPREHENSIVE INCOME (LOSS)	-	-		-
TOTAL COMPREHENSIVE INCOME (LOSS)	₱ **6,247,216**	₱ **(23,092,381)**	₱ **10,491,704**	₱ **18,248,405**

First Abacus Financial Holdings Corp. and Subsidiaries
Consolidated Statements of Cash Flows
June 30, 2017

		2017			2016		
		For the Quarter April - June		Year To Date January - June		For the Quarter April - June		Year To Date January - June
CASH FLOWS FROM OPERATING ACTIVITIES								
NET INCOME (LOSS)	₱	6,247,216	₱	(23,092,381)	₱	10,491,704	₱	18,248,405
Adjustments for :		-						
Finance costs		56,089,106		111,128,368		51,665,671		101,312,830
Depreciation and amortization		3,024,529		5,584,915		2,949,939		6,257,895
Fair value gain in value of financial assets		(8,074,588)		(4,764,839)		(53,383,747)		(68,564,393)
Loss (gain) in fair value of financial assets		(43,659,063)		(62,489,266)		(15,326,866)		(70,613,366)
Provision for income tax benefit		(8,478,069)		(28,254,791)		4,532,083		8,629,614
Interest income		(112,305)		(183,854)		40,938		(168,003)
Operating income before working capital changes		5,036,826		(2,071,848)		969,722		(4,897,018)
Net decrease in financial assets at fair value through profit or loss		33,876,895		63,328,998		(5,711,248)		45,047,151
Net decrease in receivables		(90,917,327)		(10,570,505)		(89,099,761)		(357,780,399)
Net increase in accounts payable and accrued expenses		51,924,985		87,053,759		(51,060,807)		160,466,847
Cash provided by (used in) operating activities		(78,622)		137,740,403		(144,902,094)		(157,163,419)
Interest received		112,305		183,854		(40,938)		168,003
Interest paid		(52,607,401)		(87,745,693)		(51,061,666)		(81,369,798)
		(52,573,716)		50,178,564		(196,004,698)		(238,365,214)
CASH FLOWS FROM INVESTING ACTIVITIES								
Net (increase) decrease in financial assets		(12,280,167)		(12,501,125)		11,855,422		11,855,422
Net (increase) decrease in property and equipment		(10,480,565)		(13,231,196)		(764,560)		(334,001)
Net (increase) decrease in other assets		(9,468,554)		(6,525,887)		(1,212,799)		(7,723,445)
Net cash provided (used in) investing activities		(32,229,286)		(32,258,208)		9,878,063		3,797,976
CASH FLOWS FROM FINANCING ACTIVITIES								
Net loan availments (payments)		63,451,438		(5,079,753)		118,113,991		170,022,067
		63,451,438		(5,079,753)		118,113,991		170,022,067
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(21,351,563)**		**12,840,604**		**(68,012,644)**		**(64,545,171)**
CASH AND CASH EQUIVALENTS, BEGINNING		112,112,041		77,919,874		123,024,114		119,556,641
CASH AND CASH EQUIVALENTS AT THE END	₱	**90,760,478**	₱	**90,760,478**		**55,011,473**	₱	**55,011,473**

First Abacus Financial Holdings Corp. and Subsidiaries
Statements of Changes in Equity
June 30, 2017

		2017				**2016**		
		For the Quarter April - June		**Year To Date January - June**		**For the Quarter April - June**		**Year To Date January - June**
Capital Stock - P1 par value	₱	-	₱	1,193,200,000	₱	-	₱	1,193,200,000
Authorized - 1,800,000,000 shares								
Issued and Oustanding - 1,193,200,000								
Additional Paid In Capital		-		3,104,800				3,104,800
Treasury Shares		-		(385,670,581)				(385,670,581)
Changes in Value of Financial Assets		(19,912,461)		1,951,983,613		653,955,277		2,047,999,413
Retained Earnings								
Balance beginning		-		(534,972,178)				(531,448,890)
Net Income		6,247,216		(23,092,381)		10,491,704		18,248,405
Balance at the of quarter		6,247,216		(558,064,559)		10,491,704		(513,200,485)
TOTAL EQUITY	₱	**(13,665,245)**	₱	**2,204,553,272**	₱	**664,446,981**	₱	**2,345,433,147**

FIRST ABACUS FINANCIAL HOLDINGS CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2017

1. CORPORATE INFORMATION

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

	Percentage of Ownership	
	June 30, 2017	Dec. 31, 2016
Abacus Capital and Investment Corp.	**100**	100
Abacus Securities Corporation	**100**	100
Vista Holdings Corporation	**100**	100

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.01 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Consolidated Financial Statements

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

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

(c) Functional and Presentation Currency

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

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

2.02 Adoption of Amended PFRS

(a) Effective in 2016 that are Relevant to the Group

The Group adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on January 1, 2016:

PAS 1 (Amendments)	: Presentation of Financial Statements – Disclosure Initiative
PAS 16 and PAS 38 (Amendments)	: Property, Plant and Equipment, and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization
PAS 16 and PAS 41 (Amendments)	: Property, Plant and Equipment, and Agriculture – Bearer Plants
PFRS 10, PFRS 12 and PAS 28 (Amendments)	: Consolidated Financial Statements, Disclosure of Interests in Other Entities, and Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception
Annual Improvements	: Annual Improvements to PFRS (2012-2014 Cycle)

Discussed below and in the succeeding pages are relevant information about these amendments and improvements.

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure Initiative.*
The amendments encourage entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that the materiality principle 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 natures or functions. These further clarify 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 (Amendments), *Property, Plant and Equipment,* and PAS 38 (Amendments),

Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization.

The amendments in PAS 16 clarify 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. On the other hand, amendments to PAS 38 introduce 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 amendments also provide 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 economicbenefits embodied in the asset.

(iii) PAS 16 (Amendments), *Property, Plant and Equipment,* and PAS 41 (Amendments), *Agriculture – Bearer Plants*. The amendments define a bearer plant as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. On this basis, bearer plant is now included within the scope of PAS 16 rather than PAS 41, allowing such assets to be accounted for as property, plant and equipment and to be measured after initial recognition at cost or revaluation basis in accordance with PAS 16. The amendment further clarifies that produce growing on bearer plants remains within the scope of PAS 41.

(iv) PFRS 10 (Amendments), *Consolidated Financial Statements*, PFRS 12 (Amendments), *Disclosure of Interests in Other Entities*, and PAS 28 (Amendments), *Investments in Associates and Joint Venture – Investment Entities – Applying the Consolidation Exception*. These amendments address the concerns that have arisen in the context of applying the consolidation exception for investment entities. They clarify which subsidiaries of an investment entity are consolidated in accordance with paragraph 32 of PFRS 10 and clarify whether the exemption to present consolidated financial statements, set out in paragraph 4 of PFRS 10, is available to a parent entity that is a subsidiary of an investment entity. These amendments also permit a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries. In addition, PFRS 12 has been amended to clarify that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by PFRS 12.

(v) Annual Improvements to PFRS (2012-2014 Cycle). Among the improvements, the following amendments are relevant to the Group:

• PAS 19 (Amendments), *Employee Benefits: Discount Rate – Regional Market Issue.* The amendments clarify that the currency and term of the high quality corporate bonds which were used to determine the discount rate for postemployment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

• PFRS 7 (Amendments), *Financial Instruments: Disclosures – Servicing Contracts*. The amendments provide 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 purposes 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.

(b) Effective in 2016 that are not Relevant to the Group

The following new PFRS, amendments and annual improvements to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2016 but are not relevant to the Group's consolidated financial statements:

PAS 27 (Amendments) : Separate Financial Statements – Equity Method in Separate Financial Statements
PFRS 11 (Amendments) : Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations

PFRS 14 : Regulatory Deferral Accounts
Annual Improvements to

PFRS (2012-2014 Cycle)

PAS 34 (Amendments) :	Interim Financial Reporting – Disclosure of Information "Elsewhere in the Interim Financial Report"
PFRS 5 (Amendments) :	Non-current Assets Held for Sale and Discontinued Operations – Changes in Method of Disposal
PFRS 7 (Amendments) :	Financial Instruments: Disclosures – Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements

(c) Effective Subsequent to 2016 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2016, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PAS 7 (Amendments), *Statement of Cash Flows – Disclosure Initiative* (effective from January 1, 2017). The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes). It requires an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgment when determining the exact form and content of the disclosures needed to satisfy this requirement. Moreover, the amendments suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: (a) changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and,(b) a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified immediately above.

(ii) PAS 12 (Amendments), *Income Taxes – Recognition of Deferred Tax Assets for*

Unrealized Losses (effective from January 1, 2017). The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. The amendments provide guidance in the following areas where diversity in practice previously existed: (a) existence of a deductible temporary difference; (b) recovering an asset for more than its carrying amount; (c) probable future taxable profit against which deductible temporary differences are assessed for utilization; and, (d) combined versus separate assessment of deferred tax asset recognition for each deductible temporary difference.

(iii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will replace PAS 39, *Financial Instruments: Recognition and Measurement*, 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.

(iv) PFRS 15, *Revenue from Contract with Customers* (effective from January 1, 2018).

This standard will replace PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: International Financial Reporting Interpretations Committee (IFRIC) 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Management is currently assessing the impact of this standard on the Group's consolidated financial statements.

(v) PFRS 16, Leases (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*.

For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right of use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similarly to a purchased asset and depreciated or amortized. The lease liability is accounted for similar to a financial liability using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17's. In particular, the distinction between finance an operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

Management is currently assessing the impact of this new standard in the Group's consolidated financial statements.

(vi) 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.

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 profit or loss.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in 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, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately, as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

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

2.06 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, *Financial Instruments:*

Presentation. 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 unrestricted as to withdrawal.

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 asset's 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.

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 are initially recognized, subsequently measured, and derecognized in the estimated useful life of the assets of 25 years.

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

2.10 Other Assets

Other assets pertain to other resources controlled by the Group as a result of past events.
They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

2.11 Intangible Assets

Intangible assets include goodwill, trading right and acquired computer software licenses (presented as part of Other Assets account in the consolidated statement of financial position). The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition or production.

(a) Goodwill

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

(b) Trading Right

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

(c) Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software are expensed as incurred. Capitalized costs are amortized on a straight-line basis over the estimated useful life of three years, as these intangible assets are considered finite. When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

2.12 Deferred Oil Exploration Costs

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

2.13 Impairment of Non-financial Assets

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

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

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

All assets, except goodwill and trading right, are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss. Impairment losses recognized on goodwill 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 certain accounts within accounts payable and accrued expenses, post-employment defined benefit obligation, and tax-relatedpayable).

Financial liabilities are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as expense under the caption of Finance Costs in the consolidated statement of profit or loss. Interest-bearing loans and borrowings are obtained to support the short-term to long-term funding needs of the Group. They are recognized at proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

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

Financial liabilities are 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 Transactions and Relationships

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 post-employment defined benefit obligation.

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

2.18 Revenue and Expense Recognition

Revenue comprises revenue from rendering of services 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.

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

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the 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 & Exchange Corp., 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 Others under the Accounts Payable and Other Liabilities account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.23 Borrowing Costs

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

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 judgments discussed in the succeeding page, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) 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.

(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 under 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.

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.

(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

(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, and volatility rates. However, the amount of changes in fair value would differ if the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect the consolidated profit and loss and other comprehensive income.

In 2017 and 2016, 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 Note 5.

(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 March 31, 2017 and December 31, 2016 are disclosed in Note 9.

(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. 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.

(f) Valuation of Post-employment Defined Benefit Obligation

The determination of the Group's post-employment defined benefit obligation is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates 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.

(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. SEGMENT INFORMATION

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

The following tables present revenues and profit information regarding industry segments for the years ended June 30, 2017 and December 31, 2016 and certain assets and liabilities information regarding industry segments at June 30, 2017.

June 30, 2017

	Securities Brokerage	Investment Banking	Leasing	Elimination	Group
Revenues:					
External	**114,722,612**	**21,273,828**	**5,850,179**	**-**	**141,846,619**
Inter-segment	**-**	**11,421,472**	**4,063,632**	**(15,765,104)**	**-**
Total revenues	**114,722,612**	**32,695,300**	**9,913,811**	**(15,765,104)**	**141,846,619**
Expenses					
External	**(56,401,027)**	**(115,480,584)**	**(21,312,179)**	**-**	**(193,193,790)**
Inter-segment	**(15,485,104)**	**-**	**-**	**(15,765,104)**	**-**
Total expenses	**(71,886,131)**	**(115,480,584)**	**(21,312,179)**	**(15,765,104)**	**(193,193,790)**
Operating Income	**42,836,482**	**(52,351,711)**	**(11,398,369)**	**-**	**(51,347,172)**
Net income	**42,836,482**	**(57,950,005)**	**(7,978,858)**	**-**	**(23,092,381)**
Segment assets	**2,161,649,011**	**5,603,830,602**	**805,888,769**	**(2,453,209,741)**	**6,118,158,642**
Segment liabilities	**1,754,483,020**	**3,188,735,829**	**603,250,810**	**(1,632,864,289)**	**3,913,605,370**

December 31, 2016

	Securities Brokerage	Investment Banking	Leasing and Others	Elimination	Group
Revenues:					
External	213,309,721	133,972,187	74,357,297		421,639,205
Inter-segment	80,256	36,869,800	8,282,016	(50,820,133)	(5,588,061)
Total revenues	213,389,977	170,841,987	82,639,313	(50,820,133)	416,051,144
Expenses					
External	128,495,182	236,727,727	39,288,673		404,511,582
Inter-segment	44,634,105	1,164,060	-	(45,798,165)	-
Total expenses	173,129,287	237,891,787	39,288,673	(45,798,165)	404,511,582
Operating income	**40,260,690**	**(67,049,800)**	**43,350,650**	**(5,021,968)**	**11,539,562**
Net Profit (Loss)	**26,928,259**	**(68,517,910)**	**43,088,331**	**(5,021,968)**	**(3,523,288)**
Segment assets	804,813,727	5,484,674,256	738,806,253	(972,487,433)	6,055,806,803
Segment liabilities	440,484,216	2,991,717,019	528,189,436	(152,141,983)	3,808,248,688

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The Group's financial assets at FVTPL are composed of equity securities with a total fair value amounting to ₱973,982,490 and ₱970,057,383 as of June 30, 2017 and December 31, 2016.

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

The gain on sale of financial assets at FVTPL amounted to ₱62,489,266 in June 30, 2017 and ₱150,172,425 in December 2016. These are presented as part of Gain on Sale of Investments in Financial Assets.

6. AVAILABLE FOR SALE FINANCIAL ASSETS

Available for sale financial assets pertain to investment in the shares of stock of the following:

	June 30, 2017	December 31, 2016
At fair value :		
BCor	₱2,376,037,995	₱2,383,449,331
Others- Club shares	6,180,000	6,180,000
	2,382,217,995	2,389,629,331
At cost:		
Universal Rightfields Prop.	144,910,130	144,910,130
Metro Pacific Corporation	10,697,669	10,697,669
Philippine Central Depository	22,800	22,800
Others	3,000,000	3,000,000
	158,630,599	158,630,599
Allowance for impairment	**(150,281,764)**	(150,281,764)
	8,348,835	8,348,835
	₱2,390,566,830	**₱2,397,978,166**

The fair values of available for sale financial assets carried at fair value have been determined directly by reference to published prices in an active market.

7. RECEIVABLES

This account consists of:

	June 30, 2017	December 31, 2016
Customers/brokers	**₱1,555,201,098**	₱1,518,388,751
Equities Margin and other loans	**580,008,482**	631,010,178
Accounts receivable	**231,890,462**	184,470,924
Notes receivable	**71,612,364**	77,585,266
Interest receivables	**65,141,629**	65,141,629
Management fee receivable	**55,356,800**	42,500,000
Others	**20,739,048**	9,022,665
	2,579,949,884	2,565,950,355
Allowance for impairment losses	**(292,755,128)**	(289,326,103)
	₱2,287,194,757	₱2,276,624,252

8. PROPERTY AND EQUIPMENT

This account consists of Condominium Units, Computer Equipment, Leasehold Improvements, Transportation Equipment, and Furniture and Fixtures. As of June 30, 2017 and December 31, 2016, Property and Equipment amounted to ₱58.7 million and ₱51 million, respectively (net accumulated depreciation).

9. OTHER ASSETS

The breakdown of this account follows:

	June 30, 2017	December 31, 2016
Deferred tax assets – net	**₱157,396,523**	₱127,025,393
Creditable withholding taxes	**109,762,922**	108,583,958
Goodwill	**84,584,951**	84,584,951
Deferred oil exploration costs	**15,418,003**	15,418,003
Prepayments	**9,124,486**	384,458
Trading right	**1,408,000**	1,408,000
Others	**3,977,320**	9,486,766
	381,672,206	219,866,136
Allowance for impairment of goodwill	**(49,260,596)**	(49,260,596)
Allowance for non-recoverability of deferred exploration cost	**(15,418,003)**	(15,418,003)
	₱316,993,607	₱282,212,930

10. DUE TO CUSTOMERS

Due to customers arise from the Group's securities brokerage activities. These are normally settled within three days after the respective trading dates and are all non-interest bearing. Management considers the carrying amounts recognized in the consolidated statements of financial position to be reasonable approximation of their fair values. Outstanding balances as of June 30, 2017 and December 31, 2016 amount to **₱298,257,912** and ₱185,916,065 respectively.

11. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	June 30, 2017	December 31, 2016
Accounts Payable and accrued expenses	**₱114,130,243**	₱114,831,628
Post-employment defined benefit obligation	**27,593,980**	27,593,980
Taxes Payable	**-**	18,001,800
Dividends payable	**-**	191,358
Others	**27,237,502**	10,120,121
	₱168,833,474	₱170,738,887

12. INTEREST BEARING LOANS AND BORROWINGS

Loans payable consists of short-term borrowings obtained from local banks and short-term notes payables from various funders. Short-term borrowings bear interest at rates ranging from 4.5% to 6.75% in 2017 and from 4.5% to 7.0% in 2016.

13. TREASURY SHARES

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

14. FINANCIAL RISK DISCLOSURE

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

Interest Rate Risk

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

Foreign Currency Risk

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

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

The Group's United States (US) dollar-denominated financial instruments, pertains only to cash in bank, translated into Philippine pesos at the closing rates, amounting to **₱187,268** in June 30, 2017 and **₱186,451** in December 2016.

The exchange rate used are ₱50.466:US$1 as of June 30, 2017 and ₱49.813:US$1 as of December 31, 2016 .

Credit Risk

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

	2017	2016
Cash in bank	₱ 90,655,478	₱ 77,919,874
Receivables-net	2,287,194,757	2,276,624,252
	₱2,377,850,235	**₱2,354,544,126**
	=========	=========

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

As part of group policy, bank deposits and short-term placements are only maintained with reputable financial institutions. For the determination of credit risk, cash do not include the cash on hand amounting ₱105,000 as of June 30, 2017. The Group's cash in bank is covered by a maximum insurance of P250,000, representing insurance coverage in the depository bank of the Group, as provided for under RA No.9302, Charter of Philippine Deposit Insurance Corporation.

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

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

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

Liquidity Risk

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

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

Other Market Risk

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

15. CONTINGENCIES

As of June 30, 2017, there are no pending claims and legal actions by third parties against or involving the Company and its subsidiaries arising from the normal course of business which are not reflected in the accompanying financial statements. In the opinion of the Company's management, as of June 30, 2017, liabilities arising from these claims, if any, would not have a material effect on the Company and its subsidiaries. Any liability or loss arising therefrom would be taken up by the Company and its subsidiaries when the final resolution of the claims and actions are determined.

FIRST ABACUS FINANCIAL HOLDINGS CORP AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
As of June 30, 2017

1. Aging of Accounts Receivable

		Current			Past Due
Type of Receivable	**Total**	**3 days - 1 mo.**	**2 - 6 Months**	**7 Mos. - 1 Year**	**Over One Year**
Customers/Brokers/ Clearing house	1,574,470,500	1,564,835,799	-	-	9,634,701
Equity margin loans	580,008,482	-	50,000,000	348,446,824	181,561,658
Notes and interest receivables	349,375,051	-	-	247,816,282	101,558,770
Management fee receivable	55,356,800	-	55,356,800	-	-
Others	20,739,051	-	20,739,051	-	-
Total	2,579,949,885	1,564,835,799	126,095,851	596,263,106	292,755,128
Less Allowance for doubtful accounts	292,755,128	-	-	-	292,755,128
Accounts Receivable, June 30, 2017	**2,287,194,757**	**1,564,835,799**	**126,095,851**	**596,263,106**	**0**

2. Accounts Receivable Description

Type Receivable

Loans receivable

Short- term loans granted to Individuals and Corporations.

Customers/brokers

Related to stock broking transactions

Clearing House

Related to stock broking transactions

Others

Various receivables like Advances to employees, suppliers and the like.