First Abacus Financial Holdings Corp.

25 April 2013

THE DISCLOSURE DEPARTMENT
THE PHILIPPINE STOCK EXCHANGE, INC.
3rd Flr., PSE Plaza, Ayala Triangle,
Ayala Avenue, Makati City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Gentlemen:

In compliance with the disclosure rules, we submit herewith the Annual Report (SEC Form 17-A) of the Corporation for the year ended 31 December 2012 as filed with Securities and Exchange Commission on 23 April 2013.

Thank you for your kind attention.

Very truly yours,

DARLENE R. VIVAS
Assistant Corporate Secretary

Encl.:a/s

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UNIT 3001 EAST TOWER, PHILIPPINE STOCK EXCHANGE CENTRE • EXCHANGE ROAD • ORTIGAS CENTER • PASIG CITY
PHONE: (632) 634-5104 TO 11 • FAX: (632) 634-0435

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COVER SHEET

A S O 9 4 0 0 1 4 2 0

S.E.C. Registration Number

F I R S T A B A C U S F I N A N C I A L

H O L D I N G S C O R P O R A T I O N A N D

S U B S I D I A R I E S

(Company's Full Name)

E- 2 9 0 4 A E A S T T O W E R P S E C E N T E R

E X C H A N G E R O A D P A S I G C I T Y

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

ATTY. BAYANI K. TAN

Contact Person

02667-8900

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

SEC FORM 17-A

Form Type

Month Day

Annual Meeting

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-A (Annual Report)

1. For the year : **December 31, 2012**
2. SEC Identification Number : **ASO94-001420**
3. BIR Tax Identification Number: **043-003-507-219**
4. Exact name of the registrant as specified in its charter:
   FIRST ABACUS FINANCIAL HOLDINGS CORPORATION
5. **Pasig City, Philippines**
   Province, Country or other jurisdiction of incorporation
6. (SEC Use Only)
   Industry Classification Code
7. **Unit -E3001 PSE Center, Exchange Road, Pasig City** — 1605
   Address of the principal office — Postal Code
8. Registrant's telephone number, including area code
   (632)667-8900
9. Former name, former address, and former fiscal year, if changed since last report
   Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code:

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 by Section 17 of the Securities Regulation Code(SRC) and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes (x) No ( )

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

Yes (x) No ( )

13. Aggregate market value of the voting stock held by non-affiliates of the registrant as of April 15, 2013 **₱714,169,160.00 :**

a) Total number of shares held by non-affiliates as of April 15, 2013 : 870,938,000 shares

b) Closing price of the Registrant's shares on the Exchange
As of April 15, 2013 : P0.82

c) Aggregate market price (a x b) as of
As of April 15, 2013 : **₱714,169,160.00**

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

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

Yes ( ) No ( ) (Not Applicable)

DOCUMENTS INCORPORATED BY REFERENCE

None

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

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

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

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

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

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

Subsidiaries

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

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

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

FAFHC's Vision

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

Abacus Capital and Investment Corporation (ACIC)

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

ACIC provides the following financial services:

a) Corporate Finance

Equity Underwriting Transactions

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

Financial Advisory

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

Debt Underwriting and Loan Arrangements

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

b) Treasury sales

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

- Preferred Notes
- Promissory Notes
- Money Market Placements`

c) Financing

- Share Margin
- Working Capital Credit Facilities

Abacus Securities Corporation (ASC)

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

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

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

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

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

For the year ended 2012, Abacus Securities Corporation ranked 14th in terms of total value traded.

Vista Holdings Corporation (VHC)

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

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

Vista is not involved in real estate development.
VHC continues to lease its condominium units to its affiliates. The acquisition of condominium units was put on hold, as property market has not significantly improved.

The Contribution of each services or line of business

		Amounts (In mio)
Commissions	₱	169.9
Finance Income		80.3
Management fees		68.2
Other revenues		11.2
	₱	**329.6**

Competition

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

As to the stock brokerage business segment, the Company and its competitors cater the requirements of both institutional and retail clients of our local stock and financial market. In 2012, a total of Php3,543 trillion were traded or done through the local bourse which were divided among the foreign and local brokers. The total value turnover or total amount of value traded are considered the total size of the registrant and its competitors which broker commissions are generated.

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

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

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

Customers

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

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

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

Distribution methods of the product services

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

- Certified Sales Representatives (CSRs) are licensed by the Securities and Exchange Commission to transact for the accounts of the clients of our stock broking business.

- Corporate Finance Group is composed of our top caliber professionals in charge in our investment banking, management and financing activities.

- Our brokerage house has just opened its online trading facility to its new and existing clients. With the new online trading scheme, our customers can already view their portfolios online and trade their accounts using their personal phones, tablets and terminals.

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

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

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

Employees

As of December 31, 2012, the Company and it operating subsidiaries employ 65 permanent employees.

Type Employees	# of Employees	No. of Additional Employees for Ensuing 12 Mos. *	Collective Bargaining Agreement(CBA)	Supplemental Benefits or other incentives
Operations	25	1	N/A	None
Corporate Finance	5	1	N/A	None
Administrative	9	None	N/A	None
Sales	16	0	N/A	None
Accounting & Finance	10	None	N/A	None
Total	65	2		

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

Government Approval of Principal products or Services

No existing application needs for government approval

Amount Spent for Research and Development Activities

None

Cost and effects of Compliance with Environmental Laws

Not Applicable

Risk Management Objectives and Policies

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

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant risks to which the Group is exposed to are described in the Company's Notes to Consolidated Financial Statements.

Item 2. Properties

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

Approximately 110 square meters of office space located at Federal Towers, Binondo (through Vista Holdings Corporation). The unit is being occupied by a subsidiary, Abacus Securities Corporation. The lease agreement was renewed for two (2) years and will expire December 31, 2013. The monthly rental is Seventy Eight Thousand Seven Hundred Ten and 02/100 (₱78,710.02).

Approximately 940 square meters of office space located at the 29th Floor of the East Tower of the Philippine Stock Exchange Center (through Vista Holdings Corporation). The unit is being leased by a subsidiary, Abacus Securities Corporation, for a period of two (2) years. The lease agreement will end December 31, 2013 with a monthly rental of Six Hundred Seventy Two Thousand Six Hundred Twelve and 86/100 (₱672,612.86).

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

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

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

Item 3. Legal Proceedings

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

Item 4. Submission of Matters to Vote of Security Holders

No matters were submitted to a vote of the security holders of the Company during the fourth quarter of 2012.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

1) Market Information

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

Applicable Quarter	2012		2011		2010	
	High	Low	High	Low	High	Low
First Quarter	0.95	0.74	0.87	0.67	0.87	0.61
Second Quarter	0.89	0.71	0.80	0.63	0.76	0.62
Third Quarter	0.80	0.68	0.78	0.62	0.75	0.65
Fourth Quarter	0.82	0.69	0.93	0.63	0.87	0.87

During the first quarter of 2013, the issue's highest price per share was at ₱0.99 and its lowest was at ₱0.75. As of the close of trading hours of April 15, 2013, the price at which the Registrant's shares were traded at Php0.82 per share.

2) Holders

The number of *common shares* issued and outstanding as of December 31, 2012 was 1,193,200,000. As of December 31, 2012, Registrant had 113 shareholders, on the said date the following were the top 20 shareholders:

	Stockholder	Nationality	No. of Shares	%
1	PCD Nominee Corp. – Filipino	Filipino	817,701,000	68.53
2	Paulino S. Soo	Filipino	133,000,000	11.15
3	Abacus Capital & Investment Corp.	Filipino	59,644,000	4.99
4	PCD Nominee Corp. - Non-Filipino	Foreign	35,608,000	2.98
5	ACIC FAO 20001	Filipino	32,361,000	2.71
6	Edgardo Limtong	Filipino	28,527,000	2.39
7	Phee Bon Kang	Malaysian	20,000,000	1.68
8	Vista Holdings Corp.	Filipino	14,095,000	1.18
9	Cecilio Pedro	Filipino	12,260,000	1.03
10	Jimmy S. Soo	Filipino	10,010,000	0.84
11	Vicente Co Chien Jr.	Filipino	6,130,000	0.51
12	Elizabeth K. Soo	Filipino	6,000,000	0.50
13	Solar Securities, Inc.	Filipino	4,000,000	0.34
14	Quality Investments & Securities Corp	Filipino	2,720,000	0.23
15	Abacus Capital & Invt. Corporation	Filipino	2,547,000	0.21
16	Uy Louis	Filipino	2,000,000	0.17
17	George Q. Go & Shirley D. Go	Filipino	1,443,000	0.12
18	Quality Investments and Securities Corp	Filipino	500,000	0.05
19	Jack T. Huang	Filipino	500,000	0.04
20	Co Chien, Vicente T. Jr.	Filipino	400,000	.034
	Total		1,189,446,000	99.69

3) Dividends

No dividends, neither in cash nor stock were declared on the shares for the last two (2) fiscal years, i.e. 2012 and 2011. There are no restrictions that limit the ability to pay dividends on common equity but the Company, as a general rule, shall only declare from surplus profit as determined by the Board of Directors as long as such declaration will not impair the capital of the Company.

4) Recent sales of Unregistered Securities

No unregistered securities or shares of the Company were sold during the last three (3) years (2012, 2011, and 2010).

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

2012

General Business Environment

The year 2012 was a rollercoaster ride for the Philippine economy and the local stock market. There was reason for cautious optimism given a backdrop of a reeling global economy brought about by the European fiscal debt crisis, a fragile US economy and the eventual threat of a fiscal cliff, Japan's efforts to recover from a natural disaster, and a looming slowdown in China. But the country's strong fundamentals, fueled by robust domestic consumption, contained inflation, higher government spending, a rebound in exports and a jump in farm outputs, and generally positive perceptions about the Aquino government's efforts to weed out corruption in the public sector prevailed. Towards the end of the year, the crests and troughs eventually culminated on a triumphant note. International agencies upgraded the country's ratings and record growth in the country's gross domestic product was posted. The country ended the year with an economic performance that surpassed expectations.

The country's economic performance was mirrored in the highs and lows of the local capital market. Although the market was propped up by a strong positive bias, externals forces such as the problems in Greece in the middle of the year, forced the market to move within a defined band. Share prices, however, soared to record highs towards the end of the year. The local index posted a hefty 33 percent return and closed the year at 5,812.73 levels earning the distinction of being one of the best performing indices in Asia Pacific.

Performance of the Company

The company likewise encountered a number of challenges during the year. Heightened competition in the market expectedly reduced brokers commissions. However, the company's strong market position and its inherent strengths prevailed and the decline was kept at single digit levels, thus, brokers commission for 2012 was noted at Php169.9 million, a decline of 9% over the Php187.4 million realized in the previous year. There was also a decline in the finance income of the company for the year under review - from Php130.8 million in 2011 to Php80.4 million in 2012. However, a significant increase in management fees was reported during the year. Revenues from management fees rose to Php68 million, up by 72% compared to Php39.7 million reported over the previous year. Consolidated revenues for 2012 was noted at Php329.6 million or Php30.6 million below the consolidated revenues reported in 2011.

The company has managed to keep total costs and expenses within manageable levels despite the increase in trade volumes. For the year 2012, total costs and expenses, at Php349.1 million**,** grew by only 2% over the previous year's Php342.2 million. 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. Finance cost during the year was at Php154.6 million, an increase of Php4.6 million or 3% from Php150 million incurred in 2011.

Although the company is reporting a net loss of Php11 million for the year 2012 it is proud to note that it is closing the year with a total comprehensive income amounting to Php228.6 million, a remarkable feat compared to comprehensive loss of Php555 million reported in 2011.

There was an increase in total assets noted at the end of the year amounting to Php447.2 million, from Php4,574.7 million to Php5,021.9 million. This was brought about by increase in trade receivables of Php140.4 million, additional investments at fair value through profit or loss of Php124.7 million, increase in value of available for sale financial assets of Php216.4 million and increase in other assets of Php16.8 million. Correspondingly, total liabilities as of the end of the period increased by Php218.6 million. The increase was brought about by additional short term borrowings, increase in accounts payables and other liabilities, partially offset by the payments and decrease of trade payables as of the reporting period.

There was a large amount of increase in the stockholders' equity as of the reporting period by Php228.6 million from Php2,360 million last year to this year's Php2,589 million. The increase was basically due to the increase in value of our available for sale financial assets reduced by the consolidated loss for the period under review.

The Company remains highly optimistic that its financial performance will continue to be stable moving forward.

The Company, however, will continue to keep an effective balance between managing risks and opportunities and will not let its guard down. The Company shall continue to solidify its niches and expand market reach. At the same time, the Company shall continue to be lean without sacrificing ability to provide the best value to customers. As it has continued to do so in the last four years, the Company will keep an eye on outstanding loans, and subsequently, interest cost and expenses. And as in the past, the Company shall draw strength and inspiration from the support and commitment of its various stakeholders.

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

			31-Dec-12	**31-Dec-11**
CURRENT/LIQUITY RATIO				
	Current Assets / Current Liabilities	=	1.16:1	1.14:1
	Quick Assets / Current Liabilities	=	0.86:1	0.88:1
The ratio is used to give an idea of the company's ability to pay back its short term liabilities with its short term assets.				
DEBT TO EQUITY RATIO	Debt / Equity	=	0.94:1	0.94:1
ASSETS TO EQUITY RATIO	Assets / Equity	=	1.94:1	1.94:1
INTEREST RATE COVERAGE RATIO	Earnings before interest and taxes / Interest expense	=	98%	122.00%
Interest rate coverage ratio is a measure on how well a company can meet its interest payment obligations.				

NET INCOME GROWTH (DECREASE)	Current year net income / Previous year net income	=	-149%	-65.00%

Net income growth is a firm's profit for the period. The growth rate of net income is how much the net income changes from one period to another. Management views growth rate of net income to determine if the firm is growing at a sustainable rate.

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.

2011

General Business Environment

The year 2011 showcased both the resilience of the country's fundamentals and the fragility of the Philippine economy to external forces. Full year gross domestic product (GDP) settled at 3.7, way below the 4.5 to 5.5 percent projections. The National Economic Development Authority asserted, however, that the figure was within its growth forecast of 3.6 to 4.0 percent. A number of external shocks buffeted an economy that has long been susceptible to supply chain disruptions from neighboring countries such as Japan and Thailand, which suffered from natural calamities last year. Growth targets were likewise affected by the ongoing Middle East and North African crises, as well as the slow growth of the global economy on account of continuing problems in the United States and the Euro zone. The country was not spared the wrath of natural calamities, either, as several typhoons, flooding, and low-pressure areas weighed down on agriculture and infrastructure in 2011.

Despite the mixed results in the economic front and despite being dogged by accusations of inadequate public spending, the government nevertheless scored major points for its anti-corruption drive and its manifested sincerity and commitment to restore order in the bureaucracy and consequently, confidence in the country. Remittances continued to reach record levels while a number of indicators were kept within target. Moreover, some sectors posted unprecedented growth, the Philippine Stock Exchange among them.

The PSE bested other broad market indexes in 2011 in terms of overall improvements in index performance. While most of the broad market indexes posted declines in performance, the PSE surged to a 4.1% year-on-year index performance, outperforming Indonesia (3.2%) and Nordic Iceland (2.0%) and Malaysia (1.1%)

Performance of the Company

The Company turned in improvements in terms of its overall performance and its core revenues. Our brokerage house reported a double-digit (21%) increase in commission, representing a year-on-year increase of Php32.6 million, from Php154.8 to Php187.4 million. This came as a result of the improved volume and activities in the Philippine stock market.

There was mixed results on the finance income posted by the Company and its subsidiaries during the year, resulting in a net decrease of P8.2 million, from Php139 million last year to 130.8 million this year. The decrease was on account of adjusted accounting treatment of short term investment on financial assets which showed an unrealized loss on marked to market valuation of Php7.4 million from a gain of Php63.3 million last year. Conversely, realized gain on sale of financial assets this year amounted to Php129.8 million as compared to last year's Php74.7 million or an increase of Php55.1 million.

Management fees recorded during the year was noted at Php39.7 million, a decrease of Php25.1 million as compared to the Php64.8million posted last year.

Consolidated revenues for the year stood at Php359.9 million, a slight increase of Php.3 million from last year's Php359.6 million.

As can be expected, variable costs from additional volumes of trades resulted in higher costs and expenses. Total costs and expenses for the year stood at Php342.2million, representing an increase of Php54.3 million from last year's Php287.8 million. As in the past, a large bulk of operating expenses was allocated for debt servicing in keeping with the company's commitment to honor its obligations.

Summing up the Company's performance for the year, consolidated net income amounted to Php22.3 million, a decrease of Php40.8 million as compared to the Php63.1million reported last year.

There was a decrease in total assets noted for the year amounting to Php485 million, from Php5,060 million in December 2010 to Php4,575 million in December 2011. The main cause of the temporary decrease was the marked to market valuation of our investment in financial assets, particularly our investment in BCOR shares. The effect of the decrease in available for sale financial assets was Php435.7 million, from last year's Php2,882.5 million to this year Php2,381.9 million.

A corresponding increase in total liabilities amounting to Php69million was also noted during the period under review bringing total liabilities from Php2,145 million to Php2,214 million due to increases in short term borrowings, partially offset by the payments made to trade customers and short term payables.

The temporary decrease due to the marked to market valuation and sale of the available for sale financial assets brought a decrease in the Company's stockholders' equity by Php556 million, from Php2,916 million to this year's Php2,360 million.

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.

2010

General Business

The peaceful political transition from Gloria Macapagal Arroyo to Benigno Aquino III in the middle of 2010 ushered in new hope for the country.

The ideal convergence of rapid growth and low inflation, which was maintained at 3.8 percent, enabled the Philippine economy to achieve robust growth in 2010 across many indicators. The overall external liquidity position of the Philippine economy in 2010 was very favorable with balance of payments registering a surplus. GDP growth was stronger than expected at 7.3 percent reflective of strong recovery brought about by robust pick-up in domestic demand and the rebound in external trade. On the supply side, growth was characterized by higher value added activities as industry outpaced the services and agriculture sectors. A key to this encouraging growth has been the government's emphasis on macroeconomic stability including determination to improve the country's fiscal position, maintain growth supportive monetary policies, and resolve governance issues. Likewise, millions of Filipinos working abroad yielded higher remittances all year round.

The growth trajectory is expected to be sustained in 2011 provided the government continues to work hard at strengthening macroeconomic stability. Part of the effort will be intensifying reforms in the country's fiscal position, maintaining a low and stable inflation environment, reducing vulnerabilities to external shocks, strengthening financial market capitalization, attracting more investments in globally competitive sectors, and improving industry competitiveness.

There are dark clouds in the horizon, however, that may dampen the country's promise of sustained growth. The brewing conflict in the Middle East threatens to put pressure on critical commodities, particularly oil, and endangers the fate of millions of overseas Filipino workers in these countries.

Performance of the Company

The general surge of optimism in 2010 benefited the local equities market as most companies listed in the Philippine stock exchange posted better than expected earnings during the year. All these augured well for the local exchange which noted sustained value turnover and provided impetus for the index to rally towards an all -time high.

We are proud to note that The Company's overall performance for the year mirrored the general trend in the business environment, successfully sustaining the momentum from the previous year.

Our stock brokerage business reported a Php32.3 million increase in brokers' commission from Php122.5 million in 2009 to Php154.9 million in 2010, representing 26% increment. Management fees reported by our subsidiary posted a small gain from Php62.6 million in 2009 to Php64.8 million this year. Moreover, a significant gain of 92.5% in finance income which comprises of gain on sale of financial assets and gain in valuation of financial assets was posted, from Php72.2 million in 2009 to Php139 in 2010. Correspondingly, consolidated revenues of the group for the year reached a total Php359.6 million from Php258.9 million the previous year or an increase of 39%.

Total cost and expenses during the year amounted to Php287.8 million, up from Php239.9 million last year. The increase in consolidated cost and expenses can be attributed to the increases in variable costs related to the increased trade volumes such as increases on the amount of commissions paid to brokers which was up by Php8.2 million, or from Php37 million to Php46 million; increases in transaction fees paid to the Exchange which was up by Php1.4 million, or from Php6 million to Php7.4 million, and benefits paid to regular employees which was up by Php6.7 million, from Php34.3 million to Php41 million.. A large bulk of operating expenses was allocated for debt servicing in keeping with the company's commitment to honor its obligations.

Summing up the Company's performance for the year, the company is reporting a consolidated net income of Php63 million, representing an increase of Php51.6 million or 452% from the reported net income for the same period last year of Php11.4 million.

Consequently, a significant increase in the total assets of the Company was noted, from Php4,487 million in December 2009 to Php5,060 million in December 2010. The Php573.5 million increase in total assets was due to major increases in the value of available-for-sale financial assets amounting to Php189.5 million, additional purchases and increase in value of available for sale financial assets amounting to Php114.8 million, additional trade collectible ofPhp186.4, and additional acquisition of property and equipment of Php14.8 million.

Total liabilities for the period under review increased by Php372.8 million - from Php1,771.8 million to Php2,145 million on account of additional trade payables and other short-term obligations.

An increase in the Company's stockholders' equity was also noted during the year amounting to Php200.8 million mainly as a result of changes in the fair value of financial assets available for sale and the consolidated net results of the group.

The Company's performance in 2010 once again validated the inherent strengths of the company and give us reason for continued optimism. The company shall continue to leverage on and strengthen its core businesses while building new pipelines of revenue sources particularly in management and financial advisory services. The company will continue to manage costs and expenses while pursuing strategic investments in areas that will strengthen organizational capability and institutional growth.

The Company remains highly optimistic that it will be able to sustain the forward momentum for the rest of the year. Expectations of better performance are warranted given the new leadership in the country and the overall surge of optimism on the overall prospects of the Philippine economy.

The company has consistently maintained its strong presence in the market all these years and remains strategically positioned to take advantage of expected upturns in the market, particularly as investments begin being diverted into Asia from Europe and the Americas.

The Company, however, will continue to keep an effective balance between managing risks and opportunities and will not let its guard down. The Company shall continue to invest in programs to expand market reach. At the same time, 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 double efforts to decrease 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.

Item 7. Financial Statements

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

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

For the years 2012, 2011, and 2010, the auditing firm of Punongbayan and Araullo was nominated and appointed by the Board of Directors to conduct the examination of the financial statements of the Company and its Subsidiaries. In compliance with the SEC Memorandum Circular No. 8 Series of 2003, the assignment of Mr. Benjamin P. Valdez, the engagement's partner, shall not exceed five (5) consecutive years.

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

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

	2012	2011
A. Audit and Audit-related Fees		
1. Audit of the registrant's annual financial statements or services that are normally provided by the external auditor in connection with the statutory and regulatory filings or engagements.	₱1,890,000	₱1,864,300
2. Other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements	-0-	-0-
B. Tax fees	₱0	₱0
C. All other fees	-0-	-0-

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

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

The names and ages of all incumbent Directors, elected on September 27, 2012 during the Annual Stockholders Meeting and are to serve for a term of one (1) year until their successors shall have been elected and qualified, with their business experiences for the past five (5) years:

Position	Name	Citizenship	Age	Year of Assumption of Office	Number of yrs. as Director
Chairman	Paulino S. Soo	Filipino	61	1994 to present	18
President	Jack T. Huang	Filipino	59	1995 to present	17
Treasurer	Vicente Co Chien, Jr.	Filipino	60	1995 to present	17
Director	Jimmy S. Soo	Filipino	55	1995 to present	17
Corp. Sec.	A. Bayani K. Tan	Filipino	58	1994 to present	18
Independent Director	Ma. Therese G. Santos	Filipino	54	2006 to present	6
Independent Director	Jimmy Chua Alabanza	Filipino	68	2008-present	4

Mr. Paulino. Soo
Chairman and Chief Executive Officer

Mr. Soo holds a Master in Business Administration degree from the University of Pittsburgh Graduate School of Business and Bachelor of Science degree in Industrial Management Engineering from the De La Salle College. He is also the Chairman of Philippine Gaming Management Corporation (2002-present). He is Chairman of Abacus Securities Corporation and Abacus Capital & Investment Corporation (1994-present).

Mr. Jack T. Huang
President

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

Mr. Vicente Co Chien, Jr.
Treasurer

Mr. Co Chien is the Treasurer of the Corporation. He holds a Bachelor’s degree in Business Economics from Hongkong Shuen Yan College. He is the President of Boston Clinics and Diagnosticc Services (1994-present) and Providence HealthCare Consultants (1999-present). He is concurrently director of Abacus Capital and Investment Corporation (1995-present), Abacus Securities Corporation (1995-present), Vista Holdings Corporation (1995-present). He is director of Rokett Realty Co., Inc. (1995-present), South Sea Realty Development Corporation (2004-present), Loumont Trading Corporation (1993-present), Loumont Construction & Development Corporation (1993-present).

Mr. Jimmy S. Soo
Director

Mr. Soo is a Director of the Company. He obtained his Bachelor of Laws degree from the University of the Philippines and was admitted to the Philippine Bar in 1985. He is the Managing Partner of Soo Gutierrez Leogardo and Lee Law Offices (1992-present). He is currently the Corporate Secretary of Abacus Capital & Investment Corporation (1995-present). He is the Chairman (2002-present) and a Director (1996-present) of Music Semiconductors Corporation, a public listed company. He is also a Director of Prime Gaming Philippines, Inc. (2007-present), a publicly listed company. He is also an Executive Officer, and/or Director and/or Corporate Secretary of various companies.

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

Mr. Tan is a Director and Corporate Secretary of the Company. He is currently a Director, Corporate Secretary or both of the following reporting companies: Belle Corporation (1994-present), I-Remit, Inc. (since May 2007), Sinophil Corporation (1993-present), TKC Steel Corporation (starting February 2007), Pacific Online Systems Corporation (since May 2007), Tagaytay Highlands International Golf Club, Inc. (1993-present), The Country Club at Tagaytay Highlands, Inc. (1995-present), and Tagaytay Midlands Golf Club, Inc. (1997-present), The Spa and Lodge at Tagaytay Highlands, Inc. (1999-present), Vantage Equities, Inc. (1993-present), Destiny Financial Plans, Inc. (2003-present), Philequity Fund, Inc. (1997-present), Philequity Peso Bond Fund, Inc. (2000-present), Philequity PSE Index Fund, Inc. (1999-present), and Philequity Dollar Income Fund., Inc. (1999-present).

Mr. Tan is also the Corporate Secretary and a Director of Sterling Bank of Asia Inc. since December 2006. He is also a Director, Corporate Secretary, or both for the following private companies: City Cane Corporation, Destiny LendFund, Inc., Herway, Inc., and Highlands Gourmet Specialist Corp. He is Corporate Secretary for Goodyear Steel Pipe Corporation, Hella-Phil., Inc., JTKC Equities, Inc., Star Equities Inc., Metro Manila Turf Club, Inc., Oakridge Properties, Inc., Winstone Industrial Corp., Winsteel Manufacturing Corp., Discovery Country Suites, Inc., The Discovery Leisure Company, Inc., Yehey! Corporation, Belle Bay City Corporation and E-Business Services, Inc. He is also Director and Corporate Secretary for Monte Oro Resources & Energy, Inc., FHE Properties, Inc., Club Asia, Inc., and Yehey! Money, Inc. Atty. Tan is Managing Partner of the law offices of Tan Venturanza Valdez (1989 to present) and Managing Director/President of Shamrock Development Corporation and Starmaker, Inc. He is currently the legal counsel of Xavier School, Inc.

In the past, Atty. Tan was Director and Corporate Secretary of APC Group, Inc. and Clearwater Country Club, Inc. and Corporate Secretary for International Exchange Bank and Eastern Telecommunications Philippines, Inc. and Assistant Corporate Secretary and Legal Counsel of the Philippine Stock Exchange.

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

Ms. Ma Therese G. Santos
Independent Director

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

Mr. Jimmy Chua Alabanza
Independent Director

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

FAMILY RELATIONSHIP

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

There are no other significant employees.

Involvement in Certain Legal Proceedings

The Company is not aware of any of the following events wherein any of its directors, executive officers, nominees for election as director, executive officers, underwriter or control persons were involved during the past five (5) years and up to the date of this report :

1. any bankruptcy petition filed by or against any business of which any of the above persons was a general partner or executive office either at the time of the bankruptcy or within two years prior to that time;

2. any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. any order or judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the above persons in any type of business, securities, commodities or banking activities; and

4. any findings by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of the above persons has violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

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

Item 10. Executive Compensation

(1) General

All Compensation Covered

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

(2) Summary of Compensation Table

The following is a summary of the aggregate compensation paid or accrued during the last two (2) fiscal years, i.e. 2012 and 2011 and to be paid in the ensuing fiscal year 2013 to the Company's Chief Executive Officer and four (4) other mostly highly compensated executive officers who are individually named, and to all other officers and director of the Company as a group:

Name and Principal Function	Fiscal Year	Salary	Bonus	Other Annual Compensation
Paulino S. Soo Chairman and CEO	2011 2012 2013			
Jack T. Huang President	2011 2012 2013			
Schubert Caesar C. Austero VicePresident/HRM	2011 2012 2013			
Sheila Marie Aguilar Vice President	2011 2012 2013			
Melanio C. Dela Cruz Vice President	2011 2012 2013			
Total for the Group	2011 2012 2013	4,122,588 5,613,961 7,142,506	781,040 1,785,741 1,472,216	-0- -0- -0-
All Officers As A Group Unnamed	2011 2012 2013	5,164,800 6,711,341 8,312,500	954,742 2,138,511 1,716,967	-0- -0- -0-

(3) Compensation of Directors

(A) Standard Arrangement

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

(B)Other Arrangements.

None

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

None

(5) Warrants and Options Outstanding :

None

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership (more than 5%) of Certain Beneficial Owners and Management as of December 31, 2012.

Class	**Name and Address record owner and relationship with Issuer**	**Name of Beneficial Owner and Relationship with Owner**	**Citizenship**	**No. of Shares Held**	**Percentage Of Class**
Common	PCD Nominee Corp. 2nd Floor Makati Stock Exchange Bldg. Ayala Avenue Makati City		Filipino	817,701,000	68.53
Common	Paulino S. Soo (record and beneficial) Chairman and President 29th Floor Abacus Securities Corp. East Tower PSE Center, Exchange Road, Pasig City	(Same as owner)	Filipino	133,000,000	11.15
Common	**Abacus Capital and Invt. Corp.(record and beneficial); subsidiary and stockholder 29th Floor East Tower PSE Center, Exchange Road, Pasig City	(Same as owner)	Filipino	94,552,000	7.92
Total				*1,045,253,000*	*87.60*

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

*PCD Nominee corporation (“PCDNC”) is a wholly-owned subsidiary of the Philippine Central Depository, Inc. (“PCD”). The beneficial owners of such shares registered under the name of

PCDNC are PCD's participants, who hold the shares in their own behalf or in behalf of their clients. Individual or Group owners reported under PCD Nominee Corporation have less than 10% ownership of the outstanding capital stock of the Corporation.

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

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

1. Security Ownership of Management

The following is a summary of the beneficial holdings of the Company's Directors and Executive Officers as of December 31, 2012:

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

2. Voting Trust Holders of 5% or More

There is no voting trust or similar arrangement

3. Changes in Control

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

Item 12. Certain Relationship and Related Transactions

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

In the normal course of business, the Company grants to and obtains advances from its affiliates. These advances earn interest at rates to the weighted average of the interest rates of the outstanding loans payable to the banks. For further information of these advances, please to the consolidated financial statements of the company and its subsidiaries.

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

PART IV – CORPORATE GOVERNANCE

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

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

PART V- EXHIBITS AND SCHEDULES

a) Exhibits

(Please see supplemental financial statements schedules).

SIGNATURE PAGE

Pursuant to the requirements of the Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of ____________ on ________________,2013.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION
Issuer

By:

PAULINO S. SOO
Chairman and Chief Executive Officer

JACK T. HUANG
President

VICENTE CO CHIEN, JR.
Treasurer

A. BAYANI K. TAN
Corporate Secretary

JIMMY S. SOO
Director

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

SUBSCRIBED AND SWORN TO before me this APR 23 2013 2013 affiants exhibiting to me their passport number, as follows:

NAMES	CTC/PASSPORT#	DATE OF ISSUE	PLACE OF ISSUE
PAULINO S. SOO	EB2859026	Mar. 20, 2012	Manila
VICENTE CO CHIEN	EA0001628	Oct. 13, 2009	Manila
JACK T. HUANG	CCI201200603513	Jan.18, 2013	Cebu City
A. BAYANI K. TAN	08151450	Jan. 14, 2013	Manila
JIMMY S. SOO	XX2841339	Jan. 21, 2009	Manila

Doc. No. 474
Page No. 96
Book No. 257
Series of 2013.

ATTY. DELFIN R. AGCAOILI, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2013
PTR NO. 0285334 / 2012-2013 MLA.
IBP NO. 873692 / 2013 MLA.
ROLL NO. 24655 / TIN -144-519-066
MCLE III - 0013521
Com. No. 2013 - 023

First Abacus Financial Holdings Corp.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **First Abacus Financial Holdings Corporation and Subsidiaries**, is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2012 and 2011, in accordance with Philippine Financial Reporting Standards (PFRS), including the following additional supplemental information filed separately from the basic financial statements:

a. A Map Showing the Relationships Between the Company and its Related Entities,
b. Schedule of Philippine Financial Reporting Standards and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as of December 31, 2012,
c. Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68
d. Reconciliation of Retained Earnings Available for Dividend Declaration
e. Schedule of Financial Indicators for December 31,2012 and 2011
f. Details of Transactions with DOSRI

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

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

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

PAULINO S. SOO
Chairman and Chief Executive Officer

JACK HUANG
President

Subscribed and Sworn to before me this APR 16 2013
Affiant exhibit to me
Issued on / at

Tomas F. Dulay
ATTY. TOMAS F. DULAY, JR.
NOTARY PUBLIC
Until Dec. 31, 2013
ADM. MATTER# MP-061 2013-2014
PTR# 7612451 - 01/07/13 Q.C.
IBP# 842680-01/02/13 Q.C.
Roll # 16588 - 03/13/1961
TIN# 410-225-916
MCLE# 000838

DOC. NO. 428
PAGE NO. 86
BOOK NO. 102
SERIES OF 2013

VICENTE CO CHIEN JR.
Treasurer

Signed this 12th day of April 2013

UNIT 3001 EAST TOWER, PHILIPPINE STOCK EXCHANGE CENTRE • EXCHANGE ROAD • ORTIGAS CENTER • PASIG CITY
PHONE: (632) 634-5104 TO 11 • FAX: (632) 634-0435

Punongbayan & Araullo

An instinct for growth™

Report of Independent Auditors

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The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

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F +63 2 886 5506
www.punongbayan-araullo.com

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

We have audited the accompanying consolidated financial statements of First Abacus Financial Holdings Corporation and subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2012 and 2011, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of First Abacus Financial Holdings Corporation and subsidiaries as at December 31, 2012 and 2011, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2012, in accordance with Philippine Financial Reporting Standards.

Emphasis of a Matter

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements, which indicates that the Group has accumulated deficit of P632,039,093 and P621,079,242 as of December 31, 2012 and 2011, respectively. The Group's management believes, however, that the Group will be able to recoup the deficit incurred in past years and the recovery will continue once the general business environment in the country further improves.

PUNONGBAYAN & ARAULLO

By: Benjamin P. Valdez
Partner

CPA Reg. No. 0028485
TIN 136-619-880
PTR No. 3671439, January 2, 2013, Makati City
SEC Group A Accreditation
Partner - No. 0009-AR-3 (until Dec. 9, 2014)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-11-2011 (until Sept. 22, 2014)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

April 12, 2013

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	2012	2011
A S S E T S			
CASH	7	**P 130,355,384**	P 174,714,949
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	8	**557,756,995**	433,016,792
AVAILABLE-FOR-SALE FINACIAL ASSETS - Net	9	**2,598,351,240**	2,381,928,250
RECEIVABLES - Net	10	**1,430,667,136**	1,290,284,135
PROPERTY AND EQUIPMENT - Net	12	**80,916,492**	92,834,126
OTHER ASSETS - Net	13	**223,841,716**	201,935,307
TOTAL ASSETS		**P 5,021,888,963**	P 4,574,713,559
LIABILITIES AND EQUITY			
INTEREST-BEARING LOANS AND BORROWINGS	14	**P 2,012,060,034**	P 1,752,625,980
DUE TO CUSTOMERS	15	**274,815,850**	379,602,722
ACCOUNTS PAYABLE AND OTHER LIABILITIES	16	**146,074,987**	82,128,916
Total Liabilities		**2,432,950,871**	2,214,357,618
CAPITAL STOCK	17	**1,193,200,000**	1,193,200,000
ADDITIONAL PAID-IN CAPITAL		**3,104,800**	3,104,800
TREASURY SHARES - At Cost	17	**(385,670,581)**	(385,670,581)
REVALUATION RESERVES	9	**2,410,342,966**	2,170,800,964
DEFICIT	1, 17	**(632,039,093)**	(621,079,242)
Total Equity		**2,588,938,092**	2,360,355,941
TOTAL LIABILITIES AND EQUITY		**P 5,021,888,963**	P 4,574,713,559

See Notes to Consolidated Financial Statements.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

	Notes	2012	2011	2010
REVENUES				
Commissions	2	**P 169,861,107**	P 187,415,376	P 154,851,866
Finance income	20	**80,372,800**	130,779,001	138,978,200
Management fees	11	**68,181,486**	39,673,908	64,781,024
Others	23	**11,207,971**	2,052,514	1,026,905
		329,623,364	359,920,799	359,637,995
EXPENSES				
Finance costs	20	**154,619,230**	149,967,807	124,002,709
Employee benefits	18	**50,311,474**	48,859,213	41,008,209
Commissions		**48,032,627**	52,188,652	45,585,998
Depreciation and amortization	12, 13	**18,600,676**	18,047,785	16,311,445
Taxes and licenses		**16,055,763**	15,877,075	16,277,979
Representation and entertainment		**10,837,796**	13,494,098	8,247,007
Communication		**9,926,425**	7,858,508	7,410,141
Membership fees and dues		**9,010,298**	3,316,011	1,496,069
Exchange fees		**8,834,664**	7,665,270	7,028,992
Professional fees		**5,107,972**	5,955,472	4,743,253
Outside services		**3,839,888**	7,354,299	3,721,682
Others	19	**13,909,019**	11,572,288	11,966,424
		349,085,832	342,156,478	287,799,908
PROFIT(LOSS) BEFORE TAX		**(19,462,468)**	17,764,321	71,838,087
TAX INCOME (EXPENSE)	21	**8,502,617**	4,545,572	(8,724,616)
NET PROFIT (LOSS)		**(10,959,851)**	22,309,893	63,113,471
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized fair value gains (losses) on available-for-sale financial assets	9	**259,847,206**	(471,973,440)	198,659,659
Reclassification of realized fair value gains on available-for-sale financial assets to profit or loss	9	**(20,305,204)**	(105,566,589)	(60,962,018)
		239,542,002	(577,540,029)	137,697,641
TOTAL COMPREHENSIVE INCOME (LOSS)		**P 228,582,151**	(P 555,230,135)	P 200,811,112
Basic and Diluted Earnings (Loss) Per Share	22	**(P 0.0107)**	P 0.0218	P 0.0618

See Notes to Consolidated Financial Statements.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

	Notes	Capital Stock	Additional Paid-in Capital	Treasury Shares	Revaluation Reserves	Deficit	Total
BALANCE AT JANUARY 1, 2012	17	P 1,193,200,000	P 3,104,800	(P 385,670,581)	P 2,170,800,964	(P 621,079,242)	P 2,360,355,941
Net loss for the year		-	-	-	-	(10,959,851)	(10,959,851)
Available-for-sale financial assets	9						
Unrealized fair value gains for the year		-	-	-	259,847,206	-	259,847,206
Realized fair value gains		-	-	-	(20,305,204)	-	(20,305,204)
Total comprehensive income (loss) for the year		-	-	-	239,542,002	(10,959,851)	228,582,151
BALANCE AT DECEMBER 31, 2012		**P 1,193,200,000**	**P 3,104,800**	**(P 385,670,581)**	**P 2,410,342,966**	**(P 632,039,093)**	**P 2,588,938,092**
BALANCE AT JANUARY 1, 2011	17	P 1,193,200,000	P 3,104,800	(P 385,670,581)	P 2,748,340,993	(P 643,389,136)	P 2,915,586,076
Net profit for the year		-	-	-	-	22,309,894	22,309,894
Available-for-sale financial assets	9						
Unrealized fair value losses for the year		-	-	-	(471,973,440)	-	(471,973,440)
Realized fair value gains		-	-	-	(105,566,589)	-	(105,566,589)
Total comprehensive income (loss) for the year		-	-	-	(577,540,029)	22,309,894	(555,230,135)
BALANCE AT DECEMBER 31, 2011		P 1,193,200,000	P 3,104,800	(P 385,670,581)	P 2,170,800,964	(P 621,079,242)	P 2,360,355,941
BALANCE AT JANUARY 1, 2010	17	P 1,193,200,000	P 3,104,800	(P 385,670,581)	P 2,610,643,352	(P 706,502,607)	P 2,714,774,964
Net profit for the year		-	-	-	-	63,113,471	63,113,471
Available-for-sale financial assets	9						
Unrealized fair value gains for the year		-	-	-	198,659,659	-	198,659,659
Realized fair value gains		-	-	-	(60,962,018)	-	(60,962,018)
Total comprehensive income for the year		-	-	-	137,697,641	63,113,471	200,811,112
BALANCE AT DECEMBER 31, 2010		P 1,193,200,000	P 3,104,800	(P 385,670,581)	P 2,748,340,993	(P 643,389,136)	P 2,915,586,076

See Notes to Consolidated Financial Statements.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

	Notes	2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax		(P 19,462,468)	P 17,764,321	P 71,838,087
Adjustments for:				
Interest expense	20	153,269,522	142,519,818	124,002,709
Depreciation and amortization	12, 13	18,600,676	18,047,785	16,311,445
Interest income	20	(996,842)	(962,209)	(906,734)
Operating profit before working capital changes		151,410,888	177,369,715	211,245,507
Increase in investments at fair value through profit or loss		(124,740,203)	(22,406,930)	(110,283,806)
Decrease (increase) in receivables		(140,383,001)	3,173,024	(186,396,331)
Decrease (increase) in available-for-sale financial assets		23,119,012	(94,327,995)	(56,270,698)
Increase in other assets		(16,788,578)	(1,911,988)	(22,439,725)
Increase (decrease) in due to customers		(104,786,872)	(94,310,806)	32,177,897
Increase (decrease) in accounts payable and other liabilities		63,843,122	(127,269,099)	118,076,225
Cash used in operations		(148,325,632)	(159,684,079)	(13,890,931)
Interest received		996,842	962,209	906,734
Cash paid for final taxes		(112,720)	(151,084)	(153,395)
Net Cash Used in Operating Activities		(147,441,510)	(158,872,954)	(13,137,592)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	12	(1,900,219)	(12,827,506)	(14,815,961)
Acquisition of computer software	13	(1,126,607)	(105,357)	-
Net Cash From Investing Activities		(3,026,826)	(12,932,863)	(14,815,961)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan availments		276,042,978	303,461,004	1,321,194,617
Interest paid		(153,325,283)	(141,342,409)	(121,929,058)
Loan repayments		(16,608,924)	(28,318,571)	(1,099,829,482)
Net Cash From Financing Activities		106,108,771	133,800,024	99,436,077
NET INCREASE (DECREASE) IN CASH		(44,359,565)	(38,005,793)	71,482,524
CASH AT BEGINNING OF YEAR		174,714,949	212,720,742	141,238,218
CASH AT END OF YEAR		P 130,355,384	P 174,714,949	P 212,720,742

See Notes to Consolidated Financial Statements.

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

1. CORPORATE MATTERS

1.01 Corporate Information

First Abacus Financial Holdings Corporation (the Parent Company) was incorporated in the Philippines and wholly owns the following subsidiaries, all of which are incorporated in the Philippines:

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

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

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

The Parent Company and its subsidiaries are hereinafter referred to as the Group.

1.02 Status of Operations

The Group has accumulated a deficit of P632,039,093 and P621,079,242 as of December 31, 2012 and 2011, respectively. The accumulation of significant deficit indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The Group's management believes, however, that the Group will be able to recoup the deficit incurred in past years and the recovery will continue once the general business environment in the country further improves.

1.03 Approval of Financial Statements

The consolidated financial statements of the Group for the year ended December 31, 2012 (including comparatives for the years ended December 31, 2011 and 2010) were authorized for issue by the Parent Company's Chairman of the Board of Directors (BOD) on April 12, 2013.

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 (IASB).

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 Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standards (PAS) 1, *Presentation of Financial Statements*. The Group presents all items of income and expenses in a single statement of consolidated statement of comprehensive income.

Two comparative periods are presented for the consolidated statement of financial position when the Group applies an accounting policy retrospectively, makes a retrospective restatement of items in its consolidated financial statements, or reclassifies items in the financial statements.

(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, the currency of the primary economic environment in which the Group operates.

2.02 Basis of Consolidation

The Parent Company obtains and exercises control through voting rights. The Group's consolidated financial statements comprise the accounts of the Parent Company and its wholly owned subsidiaries, ACIC, ASC and VHC, after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. 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 all entities over which the Group has the power to control the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date the Company obtains control until such time that such 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 and the equity interests issued by the Parent Company, 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 acquiree's 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 previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recognized as goodwill. If this 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.

2.03 Adoption of New and Amended PFRS

(a) Effective in 2012 that are Relevant to the Group

In 2012, the Group adopted the following amendments to PFRS that are relevant to the Group and effective for financial statements for the annual period beginning on or after July 1, 2011 or January 1, 2012:

PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Transfers of Financial Assets
PAS 12 (Amendment)	:	Income Taxes – Deferred Tax: Recovery of Underlying Assets

Discussed below are the relevant information about these amended standards.

(i) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets*. The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Group did not transfer any financial asset involving this type of arrangement; hence, the amendment did not result in any significant change in the Group's disclosures in its consolidated financial statements.

(ii) PAS 12 (Amendment), *Income Taxes – Deferred Tax: Recovery of Underlying Assets*. The amendment introduces a rebuttable presumption that the measurement of a deferred tax liability or asset that arises from investment property measured at fair value under PAS 40, *Investment Property* should reflect the tax consequence of recovering the carrying amount of the asset entirely through sale. The presumption is rebutted for depreciable investment property (e.g., building) that is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the asset over time, rather than through sale. Moreover, Standing Interpretation Committee 21, *Income Taxes – Recovery of Revalued Non-Depreciable Assets*, is accordingly withdrawn and is incorporated under PAS 12 requiring that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment* should always be measured on a sale basis of the asset. The amendment is assessed to have no significant impact on the Group's consolidated financial statements.

(b) Effective in 2012 that is not Relevant to the Group

PFRS 1, First-time Adoption of PFRS, was amended to provide relief for first-time adopters of PFRS from having to reconstruct transactions that occurred before the date of transition to PFRS and to provide guidance for entities emerging from severe hyperinflation either to resume presenting PFRS financial statements or to present PFRS financial statements for the first time. The amendment became effective for annual periods beginning on or after July 1, 2011 but is not relevant to the Group's consolidated financial statements.

(c) *Effective Subsequent to 2012 but not Adopted Early*

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2012. Management has initially determined the following pronouncements, which the Group will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRSs: (a) will not be reclassified subsequently to profit or loss; and, (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Group's management expects that this will not change the current presentation of items in other comprehensive income [(i.e., segregation of unrealized fair value gains and losses on Available-for-sale (AFS) financial assets)].

(ii) PAS 19 (Revised), *Employee Benefits* (effective from January 1, 2013). The revision made a number of changes as part of the improvements throughout the standard. The main changes relate to defined benefit plans as follows:

- eliminates the corridor approach under the existing guidance of PAS 19 and requires an entity to recognize all actuarial gains and losses arising in the reporting period;

- streamlines the presentation of changes in plan assets and liabilities resulting in the disaggregation of changes into three main components of service costs, net interest on net defined benefit obligation or asset, and remeasurement; and,

- enhances disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

Currently, the Group is using the corridor approach and its unrecognized actuarial loss as of December 31, 2012 amounted to P14.4 million (see Note 18.02) which will be retrospectively recognized a loss in in other comprehensive income in 2013.

(iii) Consolidation Standards

The Group is currently reviewing the impact on its consolidated financial statements of the following consolidation standards which will be effective from January 1, 2013:

- PFRS 10, *Consolidated Financial Statements*. This standard builds on existing principles of consolidation by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard also provides additional guidance to assist in determining control where this is difficult to assess.

- PFRS 12, *Disclosure of Interests in Other Entities*. This standard integrates and makes consistent the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and unconsolidated structured entities. This also introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

- PAS 27 (Amendment), *Separate Financial Statements*. This revised standard now covers the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision.

- PAS 28 (Amendment), *Investments in Associate and Joint Venture*. This revised standard includes the requirements for joint ventures, as well as associates, to be accounted for using equity method following the issuance of PFRS 11, *Joint Arrangement*.

Subsequent to the issuance of the foregoing consolidation standards, the IASB made some changes to the transitional provisions in International Financial Reporting Standard (IFRS) 10, IFRS 11 (Joint Arrangement) and IFRS 12, which were also adopted by the FRSC. The guidance confirms that an entity is not required to apply PFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also made changes to PFRS 10 and PFRS 12 which provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. Further, it provides relief by removing the requirement to present comparatives for disclosures relating to unconsolidated structured entities for any period before the first annual period for which PFRS 12 is applied.

(iv) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation*. The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures will allow consolidated financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's financial position. The Group has initially assessed that the adoption of the amendment will not have a significant impact on its consolidated financial statements.

(v) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to assess the impact of the new standard on the Group's consolidated financial statements.

(vi) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business; in the event of default; and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The Group does not expect this amendment to have a significant impact on its financial statements.

(vii) PFRS 9, *Financial Instruments: Classification and Measurement* (effective from January 1, 2015). This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. This chapter covers the classification and measurement of financial assets and financial liabilities and it deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. 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 arrangement, 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 main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being completed.

Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address certain application issues.

The Group does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. In addition, management is currently assessing the impact of PFRS 9 on the consolidated financial statements of the Group and it plans to conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(viii) 2009-2011 Annual Improvements to PFRS. Annual improvements to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after January 1, 2013. Among those improvements, the following amendments are relevant to the Group but management does not expect a material impact on the Group's consolidated financial statements:

(a) PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information*. The amendment clarifies the requirements for presenting comparative information for the following:

- Requirements for opening statement of financial position

  If an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period (i.e., opening statement of financial position), it shall present such third statement of financial position.

  Other than disclosure of certain specified information in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- Requirements for additional comparative information beyond minimum requirements

  If an entity presented comparative information in the financial statements beyond the minimum comparative information requirements, the additional financial statements information should be presented in accordance with PFRS including disclosure of comparative information in the related notes for that additional information. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements.

(b) PAS 16 (Amendment), *Property, Plant and Equipment – Classification of Servicing Equipment.* The amendment addresses a perceived inconsistency in the classification requirements for servicing equipment which resulted in classifying servicing equipment as part of inventory when it is used for more than one period. It clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognized as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise, these are classified as inventory.

(c) PAS 32 (Amendment), *Financial Instruments – Presentation – Tax Effect of Distributions to Holders of Equity Instruments.* The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity.

2.04 Business Segments

The Group is organized into the following business segments:

(a) *Securities brokerage* – handles buying and selling of shares of stock, bonds and other securities.

(b) *Investment banking* – provides services which include underwriting of financial instruments and management fees from financial and management advisory services.

(c) *Leasing and others* – includes leasing of condominium units and other segment activities, none of which constitute a separately reportable segment.

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

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds ranges from 7.12% to 7.46%.

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

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

2.05 Financial Assets

Financial assets, which are recognized when the Group becomes a party to the contractual terms of the financial instruments, include cash and other financial instruments. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments and 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. The designation of financial assets is re-evaluated at every reporting period at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

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 transaction costs related to it are recognized in consolidated profit or loss.

A more detailed description of the categories of financial assets relevant to the Group follows:

(a) Financial Assets at FVTPL

This category includes financial assets that are either classified as held for trading or are designated by the entity to be carried at FVTPL 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 investments at FVTPL) 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.

(b) 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 or services directly to a debtor with no intention of trading the receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

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

(c) *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.

All AFS financial assets are measured at fair value, unless otherwise disclosed, with changes in value recognized in the consolidated other comprehensive income, net of any effects arising from income taxes. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognized in the consolidated other comprehensive income is reclassified from revaluation reserve to consolidated profit or loss and presented as a reclassification adjustment within consolidated other comprehensive income.

Reversal of impairment loss is recognized in the consolidated other comprehensive income, except for investments that are debt securities which are recognized in the consolidated profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

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 (Costs) in the consolidated statement of comprehensive income.

For securities that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

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.

The 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.

2.06 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.

2.07 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. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in the consolidated profit or loss for the period.

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

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.11).

The residual values and estimated useful lives 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 profit or loss in the year the item is derecognized.

2.08 Investment Properties

Investment properties, 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 measured initially at acquisition cost, including transaction costs.

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. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in consolidated profit or loss for the period.

Depreciation is computed on the straight-line basis over the estimated useful lives 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 (see Note 2.11).

The residual values and estimated useful lives of investment properties is reviewed, and adjusted if appropriate, at the end of each reporting period.

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in consolidated profit or loss in the year of retirement or disposal.

2.09 Intangible Assets

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

(a) Goodwill

Goodwill represents the excess of the acquisition cost of the investment over the fair value of identifiable net assets of a subsidiary at date of acquisition. Goodwill is carried at amortized cost up to the date of transition to PFRS less any impairment in value. Goodwill is subject to annual test for impairment whether there is an objective evidence of impairment or not (see Note 2.11).

(b) Trading Right

Trading right represents the value of the exchange seat which allows the Group to trade in the PSE. Trading right is assessed as having an indefinite useful life and is tested annually for impairment and carried at cost less accumulated impairment losses (see Note 2.11).

(c) Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software are expensed as incurred. Capitalized costs are amortized on a straight-line basis over the estimated useful life of three years as these intangible assets are considered finite (see Note 2.11).

2.10 Deferred Oil Exploration Costs

The Group made certain investments in oil exploration projects. The cost of exploration relating to service contract or block area which is still in the exploratory stage are capitalized as Deferred oil exploration costs (shown under the Other Assets account in the consolidated statement of financial position). When a service contract or block area is permanently abandoned, the related deferred oil exploration cost is written off. Service contracts or block areas are considered not permanently abandoned if the service contracts have not yet expired and/or there are ongoing negotiations for further exploration. The carrying amount of the capitalized deferred oil exploration costs is written down to its recoverable amount if the carrying amount is greater than its estimated recoverable amount (see Note 2.11).

2.11 Impairment of Non-financial Assets

The Group's property and equipment, investment properties, deferred oil exploration costs, goodwill, other intangible assets 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.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro-rata to the other assets in the cash generating unit.

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.

2.12 Financial Liabilities

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

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

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.

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.

2.13 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 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.

2.14 Related Party Relationships and Transactions

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

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Parent Company; (b) associates; and (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.

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

2.15 Equity

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

Additional paid-in capital represents premiums 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 re-acquiring such shares.

Revaluation reserves comprise unrealized gains and losses due to the revaluation of AFS financial assets.

Deficit includes all current and prior period results as disclosed in the consolidated statement of income.

2.16 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 Company 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 Company; 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) *Interest* – Revenue is recognized as the interest accrues taking into account the effective yield on the assets.

(c) *Rental* – Revenue is recognized on a straight line basis over the lease term.

Costs and expenses are recognized in the consolidated profit or loss upon utilization of services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except for borrowing costs capitalized as part of the cost of any qualifying asset (see Note 2.21).

2.17 Securities Transactions

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

2.18 Leases

(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 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 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.

2.19 Foreign Currency Transactions

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 profit or loss.

2.20 Employee Benefits

(a) Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified and non-contributory. The Group does not have a formal retirement plan but it accrues retirement benefit obligation based on actuarial valuation report.

The liability recognized in the 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 together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated periodically by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using a discount rate derived from the interest rates of a zero coupon government bonds as published by Philippine Dealing and Exchange Corporation, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Actuarial gains and losses are not recognized as an income or expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past-service costs are recognized immediately in profit or loss, unless the changes to the post-employment plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

(b) Defined Contribution Plan

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity. The Company 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 in the Accounts Payable and Other Liabilities- Others account (see Note 16) in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.21 Borrowing Costs

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

2.22 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 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 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.

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.

Deferred tax assets and 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.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity, respectively.

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

2.23 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.

Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares.

2.24 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.01 Critical Management Judgments in Applying Accounting Policies

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

(a) Impairment of AFS Financial Assets

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

Allowance for impairment losses on the Group's AFS financial assets amounted to P144.9 million as of December 31, 2012 and 2011 (see Note 9).

(b) Distinction Between Operating and Finance Leases

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

(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 between provisions and contingencies. Policies on recognition and disclosure of provision and contingencies are discussed in Note 2.13 and relevant disclosures are presented in Note 23.

3.02 Key Sources of Estimation Uncertainty

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

(a) Estimating Useful Lives of Property and Equipment, Investment Properties and Computer Software

The Group estimates the useful lives of property and equipment, investment properties and computer software based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment, investment properties and computer software are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and legal or other limits on the use of the assets.

The carrying amounts of property and equipment, investment properties and computer software are analyzed in Notes 12, 13.03 and 13.06, respectively. Based on management's assessment as at December 31, 2012 and 2011, there is no change in estimated useful lives of property and equipment, investment properties and computer software during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(b) Impairment of Receivables

Allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Group's relationship with the customers, the customers' current credit status, average age of accounts, collection experience and historical loss experience.

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

(c) Valuation of Financial Assets Other Than Receivables

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. Significant components of fair value measurement were determined using verifiable objective evidence such as foreign exchange rates, interest rates, volatility rates. However, the amount of changes in fair value would differ if the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect the consolidated profit and loss and other comprehensive income. In 2012 and 2011, most of the Group's financial assets measured at fair value are valued using price quoted in an active market.

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

(d) *Determining Realizable Amount of Deferred Tax Assets*

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The carrying values of recognized and unrecognized deferred tax assets as of December 31, 2012 and 2011 are disclosed in Note 21.

(e) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.11). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment loss on non-financial assets was recognized in 2012, 2011 and 2010.

(f) *Valuation of Post-employment Defined Benefits*

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 18.02 and include, among others, discount rates and expected rate of salary increases. In accordance with PFRS, actual results that differ from the expected rate of assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The amounts of retirement benefit obligation and expense and an analysis of movements in the estimated present value of retirement benefit obligation are presented in Note 18.02.

(g) *Fair Value Measurement for Investment Property*

The Group's investment property is composed of condominium units carried at cost at the end of the reporting period. The fair value of investment property as disclosed in Note 13.03 is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at the valuation date. Such amount is influenced by different factors including the location and specific characteristics of the property (e.g., size, features, and capacity), quantity of comparable properties available in the market, and economic condition and behaviour of the buying parties. A significant change in these elements may affect prices and the value of the assets.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The most significant financial risks to which the Group is exposed to are described below.

4.01 Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. At December 31, 2012 and 2011, the Group is exposed to changes in market interest rates through its notes payable which are subject to variable interest rates (see Note 14). All other financial assets and liabilities have fixed rates.

The following table illustrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in interest rates of +/- 3.57% in 2012, +/- 5.25% in 2011 and 3.50% in 2010. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant.

	Effect on Profit before Tax	
	Positive Change	Negative Change
2012 (+/3.57%)	**P 71,830,543**	**(P 71,830,543)**
2011 (+/-5.25%)	92,012,864	(92,012,864)
2010 (+/- 3.50%)	51,166,878	(51,166,878)

4.02 Foreign Currency Risk

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

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

The Group's United States (US) dollar-denominated financial instruments, pertain only to cash in bank, translated into Philippine pesos at the closing rates, amounting to P161,874 in 2012, P368,852 in 2011, and P1,667,099 in 2010.

The exchange rates used are P41.220:US$1, P43.928:US$1, P43.885:US$1 as of December 31, 2012, 2011 and 2010, respectively.

The table below demonstrates the possible impact on the Group's profit before tax and equity of the changes in the exchange rates of the Philippines peso and US dollars. It assumes a +13.83%+/- 16.23%, and +/- 21.14% change of the Philippine peso – US dollar exchange rate for the years ended December 31, 2012, 2011, and 2010, respectively. These percentages have been determined based on the average market volatility in the exchange rates in the previous 12 months, estimated at 99% confidence level, with all other variables held constant.

	Positive Change	Negative Change
2012 (+/- 13.83%)		
Profit before tax	**(P 22,387)**	**P 22,387**
Equity	**(15,653)**	**15,653**
2011 (+/- 16.23%)		
Profit before tax	(P 59,865)	P 59,865
Equity	(41,900)	41,900
2010 (+/- 21.14%)		
Profit before tax	(P 352,425)	P 352,425
Equity	(246,733)	246,733

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

4.03 Credit Risk

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

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

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

	Notes	2012	2011
Cash in banks	7	**P 130,263,763**	P 174,644,949
Commercial papers	8	**-**	3,000,000
Receivables – net	10	**1,430,662,018**	1,290,284,135
		P 1,560,925,781	P 1,467,929,084

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash presented in the analysis in the previous page do not include cash on hand amounting to P91,621, P70,000 and P76,621 as of December 31,2012, 2011 and 2010, respectively. It only includes cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution.

The table below shows the credit quality by class of financial assets as of December 31.

	Neither Past Due Nor Impaired		Past Due but	
	High Grade	Standard Grade	not Individually Impaired	Total
December 31, 2012				
Cash in bank	P 130,263,763	P -	P -	P 130,263,763
Receivables:				
Customers/brokers	111,187,875	479,299,932	12,786,153	603,273,960
Equity margin loans	-	523,459,82	-	523,459,824
Accounts receivable	7,568,097	152,804,794	-	160,372,891
Interest receivable	-	-	62,854,154	62,854,154
Notes receivable	-	-	65,114,885	65,114,885
Others	-	394,819	15,191,575	15,586,394
	P 249,019,735	**P1,155,959,369**	**P 155,946,767**	**P1,560,925,871**

	Neither Past Due Nor Impaired		Past Due but	
	High Grade	Standard Grade	not Individually Impaired	Total
December 31, 2011				
Cash in bank	P 174,644,949	P -	P -	P 174,644,949
Commercial papers	3,000,000	-	-	3,000,000
Receivables:				
Customers/brokers	84,090,703	334,181,721	12,786,153	431,052,343
Equity margin loans	-	716,344,883	-	716,344,883
Accounts receivable	-	31,040,000	1,349,708	32,389,708
Interest receivable	-	-	67,854,154	67,854,154
Notes receivable	-	-	36,114,886	36,114,886
Others	-	4,494,470	2,033,691	6,528,161
	P 261,735,652	**P1,086,061,074**	**P 120,138,592**	**P1,467,929,084**

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

Management believes that the amount of past due but not individually impaired receivables are still recoverable as the Group's management has regular communication with the debtors for the settlement of the receivables.

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

4.04 Liquidity Risk

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

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

As at December 31, 2012 and 2011, the Group's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Total
December 31, 2012				
Interest-bearing loans and borrowings	P 1,938,356,217	P 82,778,925	P 12,171,316	P 2,033,306,458
Accounts payable and other liabilities (excluding retirement benefit obligation and taxes payable)	88,220,576	11,657,184	-	99,877,760
Due to customers	274,200,184	-	-	274,200,184
	P2,300,776,977	**P 94,436,109**	**P 12,171,316**	**P 2,407,384,402**

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Total
December 31, 2011				
Interest-bearing loans and borrowings	P 1,588,833,369	P 25,945,129	P 153,234,374	P 1,768,012,872
Accounts payable and other liabilities (excluding retirement benefit obligation and taxes payable)	56,167,911	-	-	56,167,911
Due to customers	379,602,722	-	-	379,602,722
	P2,024,604,002	**P 25,945,129**	**P 153,234,374**	**P 2,203,783,505**

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

4.05 Other Market Price Risk

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

The observed volatility rates using standard deviation of the fair values of the Group's investments held at fair value and their impact on the Group's net profit and other comprehensive income as of December 31, 2012, 2011, and 2010 are summarized as follows:

			Increase		Decrease	
2012	**Increase**	**Decrease**	**Net Profit**	**Other Comprehensive Income**	**Net Profit**	**Other Comprehensive Income**
Financial assets at FVTPL	+11.67%	-11.67%	P 65,090,024	P -	(P 65,090,024)	P -
AFS financial assets						
Berjaya Philippines, Inc. (BCOR)	+75.44%	-75.44%	-	1,954,779,583	-	(1,954,779,583)
			P 65,090,024	**P 1,954,779,583**	**(P 65,090,024)**	**(P 1,954,779,583)**
2011						
Financial assets at FVTPL	+16.98%	-16.98%	P 73,526,251	P -	(P 73,526,251)	P -
AFS financial assets						
BCOR	+19.61%	-19.61%	-	465,801,870	-	(465,801,870)
			P 73,526,251	P 465,801,870	(P 73,526,251)	(P 465,801,870)
2010						
Financial assets at FVTPL	+18.79%	-18.79%	P 73,896,387	P -	(P 73,896,387)	P -
AFS financial assets						
BCOR	+85.31%	-85.31%	-	2,453,451,677	-	(2,453,451,677)
			P 73,896,387	P 2,453,451,677	(P 73,896,387)	(P 2,453,451,677)

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

The volatility rates of investment in golf club shares were not presented as of December 31, 2012, 2011, and 2010 since the impact of these volatility rates using standard deviation of the golf club shares on the consolidated other comprehensive income would not be significant.

5. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

5.01 Comparison of Cost and Fair Values

The cost and fair values of the categories of assets and liabilities presented in the consolidated statements of financial position are shown below.

	Notes	2012 Cost	2012 Fair Values	2011 Cost	2011 Fair Values
Financial assets					
Loans and receivables:					
Cash	7	**P 130,355,384**	**P 130,355,384**	P 174,714,949	P 174,714,949
Receivables – net	10	**1,430,662,018**	**1,430,662,018**	1,290,284,135	1,290,284,135
		1,561,017,402	**1,561,017,402**	1,464,999,084	1,464,999,084
Financial assets at FVTPL					
Equity securities	8	**349,286,166**	**557,810,495**	357,838,426	430,016,792
Commercial papers		**-**	**-**	3,000,000	3,000,000
AFS financial assets:					
Equity securities	9	**188,008,2744**	**2,598,351,240**	1,967,588,095	2,381,928,250
		537,294,440	**3,156,161,735**	2,328,426,521	2,814,945,042
		P 2,098,311,842	**P 4,717,179,137**	P 3,793,425,605	P 4,279,944,126
Financial liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	14	**P 2,012,060,034**	**P2,012,060,034**	P 1,752,625,980	P 1,752,625,980
Due to customers	15	**274,815,850**	**274,815,850**	379,602,722	379,602,722
Accounts payable and other liabilities (excluding retirement benefit obligation and taxes payable)	16	**99,877,760**	**99,877,760**	56,167,911	56,167,911
		P2,385,773,644	**P2,385,773,644**	P 2,188,396,613	P 2,188,396,613

5.02 Fair Value Hierarchy

The Group adopted the amendments to PFRS 7, *Improving Disclosures about Financial Instruments*. These amendments require the Group to present certain information about financial instruments measured at fair value in the consolidated statement of financial position.

In accordance with this amendment, financial assets and liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

All financial instrument classified as AFS financial assets amounting to P2,598,351,240 and P2,381,928,250 as of December 31, 2012 and 2011, respectively are classified as Level 1 in fair value hierarchy, except for the investments in unquoted equity securities amounting to P144,932,930 as of December 31, 2012 and 2011, which are measured at cost because the fair value cannot be reliably measured and therefore are not included (see Note 9). The fair values of financial assets at FVTPL amounting to P557,756,995 in 2012 and P433,016,792 in 2011 were also determined using Level 1 of the fair value hierarchy.

As of December 31, 2012 and 2011, there are no financial liabilities measured at fair value. Similarly, there are no assets and liabilities determined at fair value using Levels 2 and 3 as of December 31, 2012 and 2011.

The different levels have been defined as follows:

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

There were no transfers between hierarchies in both years.

6. SEGMENT REPORTING

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

The following tables present revenue and profit information regarding industry segments for the years ended December 31, 2012, 2011 and 2010 and certain assets and liabilities information regarding industry segments as at December 31, 2012, 2011and 2010.

	Year Ended December 31, 2012				
	Securities Brokerage	Investment Banking	Leasing and Others	Elimination	Group
Revenues:					
External	P 205,877,059	P 96,104,416	P 27,641,889	P -	P 329,623,364
Inter-segment	529,041	396,746,505	16,804,150	(414,079,696)	-
	206,406,100	492,850,921	44,446,093	(414,079,696)	329,623,364
Expenses:					
External	142,506,773	187,722,567	18,856,492	-	349,085,832
Inter-segment	50,656,209	20,436,306	-	(77,092,515)	-
	193,162,982	214,158,873	18,856,492	(77,092,515)	349,085,832
Profit (loss) before tax	**P 13,243,118**	**P 278,692,048**	**P 25,589,547**	**(P 336,987,181)**	**(P 19,462,468)**
Net loss for the year	**P 7,634,221**	**P 293,046,506**	**P 25,346,603**	**(P (336,987,181)**	**(P 10,959,851)**
Segment assets	**P 890,673,631**	**P 5,345,311,477**	**P 310,761,456**	**(P 1,524,857,331)**	**P 5,021,888,963**
Segment liabilities	**P 573,431,002**	**P 2,297,244,545**	**P 163,311,567**	**(P 601,036,243)**	**P 2,432,950,871**
Other segment items:					
Capital expenditures	**P 1,900,219**	**P -**	**P -**	**P -**	**P 1,900,219**
Depreciation and amortization	**P 8,449,160**	**P 5,240,331**	**P 4,631,185**	**P 280,000**	**P 18,600,676**

	Year Ended December 31, 2011				
	Securities Brokerage	Investment Banking	Leasing and Others	Elimination	Group
Revenues :					
External	P 209,292,361	P 146,660,601	P 3,967,837	P -	P 359,920,799
Inter-segment	1,352,954	67,894,026	18,208,343	(87,455,323)	-
	210,645,315	214,554,627	22,176,180	(87,455,323)	359,920,799
Expenses:					
External	167,091,562	155,903,174	19,161,741	-	342,156,477
Inter-segment	23,836,965	63,338,358	-	(87,175,323)	-
	190,928,527	219,241,532	19,161,741	(87,175,323)	342,156,477
Profit (loss) before tax	P 19,716,788	(P 4,966,905)	P 3,014,439	P -	P 17,764,322
Net profit (loss) for the year	P 12,304,496	P 7,262,783	P 2,742,615	P -	P 22,309,894
Segment assets	P 928,750,852	P 5,330,074,792	P 285,947,508	(P 1,970,059,593)	P 4,574,713,559
Segment liabilities	P 619,212,714	P 2,477,819,186	P 164,026,695	(P 1,046,700,977)	P 2,214,357,618
Other segment items:					
Capital expenditures	P 12,827,506	P -	P -	P -	P 12,827,506
Depreciation and amortization	P 7,851,131	P 5,565,470	P 4,631,184	P -	P 18,047,785

	Year Ended December 31, 2010				
	Securities Brokerage	Investment Banking	Leasing and Others	Elimination	Group
Revenues:					
External	P 232,826,577	P 126,253,649	P 557,769	P -	P 359,637,995
Inter-segment	4,259,123	54,890,112	16,884,890	(76,034,125)	-
	237,085,670	181,143,761	17,442,659	(76,034,125)	359,637,995
Expenses:					
External	133,946,198	136,910,827	16,942,883	-	287,799,908
Inter-segment	13,383,817	62,650,308	-	(76,034,125)	-
	147,330,015	199,561,135	16,942,883	(76,034,125)	287,519,908
Profit (loss) before tax	P 89,755,685	(P 18,417,374)	P 499,776	P -	P 71,838,087
Net profit for the year	P 62,447,587	P 411,075	P 254,809	P -	P 63,113,471
Segment assets	P 938,748,920	P 5,611,722,765	P 232,920,365	(P 1,723,246,796)	P 5,060,145,254
Segment liabilities	P 641,515,278	P 2,189,469,913	P 112,464,875	(P 798,890,888)	P 2,144,559,178
Other segment items:					
Capital expenditures	P 14,815,961	P -	P -	P -	P 14,815,961
Depreciation and amortization	P 5,717,249	P 5,930,016	P 4,664,180	P -	P 16,311,445

7. CASH

This account includes the following:

	2012	2011
Cash in banks	**P 130,263,763**	P 174,644,949
Cash on hand	**91,621**	70,000
	P 130,355,384	P 174,714,949

The Group maintains a special reserve bank account with a local bank in compliance with the Securities Regulation Code. The bank account has a balance of P74,320,425 and P80,740,770 as of December 31, 2012 and 2011, respectively.

Foreign currency-denominated cash amounted to P161,874 (US$3,927) in 2012 and P368,852 (US$8,397) in 2011.

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account consists of the following financial assets:

	2012	2011
Equity securities	**P 557,756,995**	P 430,016,792
Designated at FVTPL on initial recognition	**-**	3,000,000
	P 557,756,995	P 433,016,792

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

Financial assets designated as at FVTPL on initial recognition pertain to short-term placements in commercial papers which earn interest of 3.30% to 3.75% in 2011 (nil in 2012).

The gain on sale of financial assets at FVTPL amounted to P35,478,265 in 2012, P20,807,103 in 2011 and P16,021,911 in 2010. These are presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 20).

The Group recognized changes in fair value financial assets at FVTPL amounting to P23,592,489 gain in 2012, P7,447,989 loss in 2011 and P63,344,653 gain in 2010. These are presented as part of Finance Costs and Finance Income in the consolidated statements of comprehensive income (see Notes 20.01 and 20.02).

All of the Group's investments at FVTPL are classified as current.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	2012	2011
At fair value:		
BCOR	**P 2,591,171,240**	P2,375,328,250
Others - Club shares	**7,180,000**	6,600,000
	2,598,351,240	2,381,928,250
At cost:		
Universal Rightfield Properties (URP)	**144,910,130**	144,910,130
Philippine Central Depository (PCD)	**22,800**	22,800
	144,932,930	144,932,930
Allowance for impairment	**(144,932,930)**	(144,932,930)
	-	-
	P 2,598,351,240	P2,381,928,250

The movements of AFS financial assets follow:

	2012	2011
Balance at beginning of year	**P 2,381,928,250**	P2,882,475,070
Fair value gains (losses)	**259,847,206**	(471,973,440)
Realized fair value gains transferred to consolidated profit or loss	**(20,305,204)**	(105,566,589)
Additions	**2,993,295**	123,860,898
Disposals	**(26,112,307)**	(46,867,689)
Balance at end of year	**P 2,598,351,240**	P2,381,928,250

AFS financial asset consist mainly of investment in companies listed in the PSE.

In 2012 and 2011, the Group sold a portion of its BCOR shares which, resulted in a gain on sale of AFS financial assets amounting to P20,305,204 and P105,566,589 (net of other charges amounting to P335,500 and P624,016), respectively, in the profit or loss.

As of December 31, 2012 and 2011, the Group holds 92,541,830 shares and 95,013,130 shares in BCOR, respectively, valued at P28 per share in 2012 and P25 per share in 2011.

The fair values of AFS financial assets that are carried at their fair values have been determined directly by reference to published prices in an active market. Fair value gains (losses) of P259,847,206, (P471,973,440) and P198,659,659 in 2012, 2011 and 2010, respectively, on the revaluation of the AFS financial assets are presented as other comprehensive income (loss).

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

Sale of AFS securities resulted in gains of P20,305,204, P109,009,689 and P58,704,902 in 2012, 2011 and 2010, respectively, and recorded as part Finance Income in the consolidated statements of income (see Note 20).

Net cumulative fair value changes on AFS financial assets amounted to P2,410,342,966 and P2,170,800,964 as of December 31, 2012 and 2011, respectively, and are presented as Revaluation Reserves in the statements of financial position.

10. RECEIVABLES

The breakdown of this account follows:

	Notes	**2012**	2011
Equity margin loans	10.01	**P 633,765,644**	P 635,613,481
Customers/brokers	10.02	**603,273,960**	382,426,112
Accounts receivable	10.03,11.03	**204,834,157**	285,567,572
Notes receivables	10.04	**107,739,251**	107,739,251
Interest receivables	10.04	**62,854,154**	67,854,154
Management fee	11.01	**19,400,000**	9,700,000
Others		**16,314,394**	17,548,281
		1,648,181,560	1,506,448,851
Allowance for impairment		**(217,514,424)**	(216,164,716)
		P1,430,667,136	P1,290,284,135

All receivables of the Group have been reviewed for indications of impairment. Certain receivables were found to be impaired and provisions have been recorded accordingly.

A reconciliation of the allowance for impairment at the beginning and end of 2012 and 2011 is shown below.

	2012	2011
Balance at beginning of year	**P 216,164,716**	P 216,164,716
Impairment losses	**1,349,708**	-
Balance at end of year	**P 217,514,424**	P 216,164,716

The maturity profile of the Group's receivables follows:

	2012	2011
Within one year	**P 843,817,393**	P 502,834,632
Beyond one year but less than five years	**586,844,625**	787,449,503
	P1,430,662,018	P1,290,284,135

Management believes that the allowance for impairment is adequate to cover any losses from its receivables. The management is in constant communication with the debtors for the settlement of the receivables.

10.01 Equity Margin Loans

Effective January 1, 2007 and until the BOD reverses the resolution, the management decided to stop recognizing interest on equity margin loans by virtue of a board resolution after the Group received requests from its customers for a moratorium on interest charges on equity margin loans. These receivables are secured by certain marketable shares of stock (pledged by certain customers) with a total market value of P734,366,406, P811,198,388 and P883,295,116 as of December 31, 2012, 2011 and 2010, respectively.

10.02 Receivable from Customers/Brokers

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

10.03 Accounts Receivable

Accounts receivable include a receivable from Kestrel, a third party engaged in purchasing receivables, amounting to P116,019,882 and P124,019,882 as of December 31, 2012 and 2011 which arose from an Assignment of Receivables Agreement executed between the Group and Kestrel on April 12, 2002. Under the agreement, the amount collected by Kestrel including accrued interest, shall be payable to the Group on or before December 31, 2006 which date was subsequently extended to December 31, 2016. These receivables represent the balance of an equity margin loan of a previous customer after deducting a partial settlement through a *dacion en pago* arrangement, whereby the original debtor transferred to the Group certain condominium units valued at P65,280,000 (see Note 13.03). Under the terms of the assignment, Kestrel grants the Group a call option on all but not part of the receivables, including uncollected but accrued earnings, which have not been collected at the time of the exercise of the call option. The call option is exercisable by the Group any time prior to November 30, 2016. The exercise price of the call option is equal to the uncollected principal of the receivables. The portion of the receivables already collected prior to the exercise of the call option shall constitute the remaining obligation of Kestrel to the Group which is payable on or before December 31, 2016. The call option is considered closely related to its host contract since the exercise price on each exercise date is equivalent to the carrying amount of the host contract. The call option was eventually not exercised by the Group.

The management of the Group is confident that the receivables will be realized and the original debtor will eventually be able to settle its obligations. Allowance for impairment on receivable from Kestrel amounted to P25,000,000 as of December 31, 2012 and 2011. Kestrel made partial payments of P8,000,000 and P39,500,000 in 2012 and 2011, respectively.

10.04 Notes and Interest Receivables

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

11. RELATED PARTY TRANSACTIONS

The summary of the Company's significant transactions with its related parties as of and for the years ended December 31, 2012 and 2011 follows:

		2012		2011	
Related Party Category	Notes	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance
Management fees	11.01	**68,181,486**	**19,400,000**	39,673,908	9,700,000
Advances from a related party	11.02	**-**	**-**	6,690,208	-
Granting of advances	11.03	**3,048,712**	**6,284,931**	425,984	3,236,219
Key management personnel compensation	11.04	**21,292,665**	**-**	17,850,415	-

11.01 Management Fees

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

Management fees amounted to P68,181,486, P39,673,908, and, P64,781,024 in 2012, 2011 and 2010, respectively, and are presented as Management Fees in the consolidated statements of comprehensive income. Management fees receivable amounted to P19,400,000 in 2012 and P9,700,000 in 2011 and are presented as part of Receivables in the consolidated statements of financial position (see Note 10).

11.02 Advances from a Related Party

The Group obtained non-interest bearing advances from a certain related party which amounted to P6,690,208 as of December 31, 2011. No similar transaction was recognized in 2012.

11.03 Granting of Advances

The Group grants interest bearing loans to employees with interest ranging from 12.0% to 12.5%. Receivables from employees as of December 31, 2012 and 2011 amounted to P6,284,931 and P3,236,219, respectively. These are presented as part of Accounts Receivables account under Receivables in the consolidated statements of financial position (see Note 10.03).

11.04 Key Management Personnel Compensation

Short-term benefits given by the Group to key management personnel amounted to P21,292,665, P17,850,415, and P14,362,018 in 2012, 2011, and 2010, respectively.

12. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation, amortization and impairment, of property and equipment, at the beginning and end of 2012 and 2011 are shown below.

	Condominium Units	Building Improvements	Transportation Equipment	Computer Equipment	Furniture, Fixtures and Equipment	Construction in Progress	Total
December 31, 2012							
Cost	P 114,435,714	P 52,369,380	P 20,270,493	P 71,896,348	P 26,663,636	P -	P 285,635,571
Accumulated depreciation and amortization	(60,977,999)	(39,887,411)	(16,451,729)	(64,795,117)	(22,606,823)	-	(204,719,079)
Net carrying amount	**P 53,457,715**	**P 12,481,969**	**P 3,818,764**	**P 7,101,231**	**P 4,056,813**	**P -**	**P 80,916,492**
December 31, 2011							
Cost	P 114,435,714	P 46,065,290	P 20,260,493	P 70,776,439	P 26,281,932	P 7,621,268	P 285,441,136
Accumulated depreciation and amortization	(55,279,834)	(38,731,262)	(13,470,257)	(62,483,299)	(22,642,358)	-	(192,607,010)
Net carrying amount	P 59,155,880	P 7,334,028	P 6,790,236	P 8,293,140	P 3,639,574	P 7,621,268	P 92,834,126
January 1, 2011							
Cost	P 114,435,714	P 44,011,719	P 20,028,677	P 69,004,181	P 26,091,101	P -	P 273,571,392
Accumulated depreciation and amortization	(49,581,669)	(38,044,930)	(10,145,608)	(60,514,230)	(21,997,171)	-	(180,283,608)
Net carrying amount	P 64,854,045	P 5,966,789	P 9,883,069	P 8,489,951	P 4,093,930	P -	P 93,287,784

A reconciliation of the carrying amounts at the beginning and end of 2012 and 2011, of property and equipment is shown below.

	Condominium Units	Building Improvements	Transportation Equipment	Computer Equipment	Furniture, Fixtures and Equipment	Construction in Progress	Total
Balance at January 1, 2012, net of accumulated depreciation	P 59,155,880	P 7,334,028	P 6,790,236	P 8,293,140	P 3,639,574	P 7,621,268	P 92,834,126
Additions	-	-	-	1,505,400	314,019	80,800	1,900,219
Reclassifications	-	6,304,090	-	-	1,397,978	(7,702,978)	-
Depreciation and amortization charges for the year	(5,698,166)	(1,156,149)	(2,971,417)	(2,697,309)	(1,294,758)	-	(13,817,853)
Balance at December 31, 2012, net of accumulated depreciation	**P 53,457,715**	**P 12,481,969**	**P 3,818,764**	**P 7,101,231**	**P 4,056,813**	**P -**	**P 80,916,492**
Balance at January 1, 2011, net of accumulated depreciation	P 64,854,045	P 5,966,789	P 9,883,069	P 8,489,951	P 4,093,930	P -	P 93,287,784
Additions		2,053,570	-	2,531,231	621,437	7,621,268	12,827,506
Reclassifications		-	-			-	
Depreciation and amortization charges for the year	(5,698,165)	(686,331)	(3,092,833)	(2,728,042)	(1,075,793)	-	(13,281,164)
Balance at December 31, 2011, net of accumulated depreciation	P 59,155,880	P 7,334,028	P 6,790,236	P 8,293,140	P 3,639,574	P 7,621,268	P 92,834,126

Condominium units of the Group with carrying amounts of P9,209,729 and P10,276,709 in 2012 and 2011, respectively, were used to secure the Group's bank loans payable (see Note 14).

13. OTHER ASSETS

The breakdown of this account follows:

	Notes	2012	2011
Deferred tax assets – net	21	**P 95,419,277**	P 76,088,281
Goodwill	13.01	**84,584,951**	84,584,951
Creditable withholding taxes	13.02	**75,335,753**	64,982,299
Deferred oil exploration costs	13.04	**15,418,003**	15,418,003
Investment properties - net	13.03	**10,854,574**	15,277,998
Input VAT		**1,590,855**	5,113,868
Trading right	13.05	**1,408,000**	1,408,000
Computer software – net	13.06	**1,060,883**	293,675
Others		**2,848,019**	3,446,831
		288,520,315	266,613,906
Allowance for impairment of goodwill		**(49,260,596)**	(49,260,596)
Allowance for non-recoverability of deferred oil exploration costs		**(15,418,003)**	(15,418,003)
		P 223,841,716	P 201,935,307

13.01 Goodwill

Goodwill arose from the acquisition of the three subsidiaries, where the acquisition cost is higher than the fair value of the net assets acquired of each subsidiary. It is subject to annual impairment testing and whenever there is an indication of impairment. The Group did not recognize any impairment loss in 2012, 2011 and 2010.

13.02 Creditable Withholding Taxes

This account represents accumulated income tax credits of the Group that remained unapplied as of December 31, 2012 and 2011. These income tax credits will be applied against future income tax liabilities.

13.03 Investment Properties

The gross carrying amounts and accumulated depreciation and impairment losses of investment properties at the beginning and end of 2012 and 2011 are shown below.

	December 31, 2012	December 31, 2011	January 1, 2011
Cost	**P 72,280,000**	P 72,280,000	P 72,280,000
Accumulated depreciation	**(59,530,748)**	(55,107,324)	(50,683,900)
Accumulated impairment losses	**(1,894,678)**	(1,894,678)	(1,894,678)
Net carrying amount	**P 10,854,574**	P 15,277,998	P 19,701,422

A reconciliation of the carrying amounts at the beginning and end of 2012 and 2011, of investment properties is shown below.

	2012	2011
Balance at beginning of year, net of accumulated depreciation and impairment losses	**P 15,277,998**	P 19,701,422
Depreciation for the year	**(4,423,424)**	(4,423,424)
Balance at end of year, net of accumulated depreciation and impairment losses	**P 10,854,574**	P 15,277,998

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

The Group's investment property mostly consists of condominium units. These condominium units located in Nasugbu and Batulao, Batangas were acquired and capitalized by the Group as a result of the dacion en pago arrangement with a major customer in exchange for a partial settlement of the latter's loans (see Note 10).

The total estimated fair values of the investment properties based on the latest available appraisal report obtained by the Group amounted to P27,956,000 and P37,635,988 as of December 31, 2012 and 2011, respectively.

13.04 Deferred Oil Exploration Cost

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

13.05 Trading Right

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

As certified by the PSE, the last transacted price of an exchange right is P8,500,000, which was recorded last December 14, 2011. Hence, based from the comparison of the trading right's carrying amount of P1,408,000 as of December 31, 2012, and the recoverable amount, the Group's trading right is not impaired.

13.06 Computer Software

The gross carrying amounts and accumulated amortization at the beginning and end of 2012 and 2011 are shown below.

	December 31, 2012	December 31, 2011	January 1, 2011
Cost	**P 13,389,323**	P 12,262,712	P 12,157,355
Accumulated amortization	**(12,328,440)**	(11,969,037)	(11,625,840)
Net carrying amount	**P 1,060,883**	P 293,675	P 531,515

A reconciliation of the carrying amounts at the beginning and end of 2012 and 2011, of computer software is shown below.

	2012	2011
Balance at beginning of year, net of accumulated amortization	**P 293,675**	P 531,515
Additions	**1,126,607**	105,357
Amortization for the year	**(359,399)**	(343,197)
Balance at end of year, net of accumulated amortization	**P 1,060,883**	P 293,675

14. INTEREST-BEARING LOANS AND BORROWINGS

As of December 31, this account consists of:

	2012	2011
Notes payable	**P 1,998,516,882**	P1,722,473,903
Bank loans	**13,543,152**	30,152,077
	P 2,012,060,034	P1,752,625,980

Notes payable represents short-term unsecured loans from various funders bearing annual interest at rates ranging from 5.0% to 9.30% and 6.0% to 10.0% in 2012 and 2011, respectively. Bank loans are secured by the Group's condominium units (see Note 12).

Management considers the carrying amounts of short-term interest-bearing loans and borrowings recognized in the consolidated statements of financial position to be reasonable approximation of their fair values due to their short duration.

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

The contractual maturities of these interest-bearing loans and borrowings as of December 31 follow:

	2012	2011
Within one year	**P 2,009,459,201**	P 1,726,680,851
Within two to five years	**2,600,833**	25,945,129
	P 2,012,060,034	P 1,752,625,980

Interest expense pertaining to these interest bearing loans and borrowings, which are presented as part of Finance Costs in the consolidated statements of comprehensive income, amounted to P153,269,552, P142,519,818, and P124,002,709 in 2012, 2011, and 2010, respectively, which include accrued interests of P17,411,427 and P15,386,891, as of December 31, 2012 and 2010, respectively, presented as part of Accrued Expenses under Accounts Payable and Other Liabilities account in the consolidated statements of financial position (see Notes 16 and 20.02).

15. DUE TO CUSTOMERS

Due to customers arise from the Group's securities brokerage activities. These are normally settled within three days after the respective trading dates and are all non-interest bearing. Management considers the carrying amounts recognized in the statements of financial position to be the reasonable approximation of their fair values. Outstanding balances as of December 31, 2012 and 2011 amount to P274,815,850 and P379,602,722, respectively.

16. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	Notes	**2012**	2011
Accrued expenses	14	**P 88,220,572**	P 29,658,233
Retirement benefit obligation	18	**32,420,618**	25,961,005
Taxes payable		**13,883,048**	11,874,586
Dividend payable		**2,046,953**	4,294,366
Due to related parties	11.02	**-**	6,690,208
Subscriptions payable		**-**	464,575
Others		**9,503,796**	3,185,943
		P 146,074,987	P 82,128,916

Management considers the carrying amounts of accounts payable and other liabilities recognized in the consolidated statements of financial position to be reasonable approximation of their fair values due to their short duration.

17. EQUITY

17.01 Capital Management Objectives, Policies and Procedures

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

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

The Group has existing loans with a local bank and various funders. A reasonable level of debt-to-equity is maintained to properly manage the Group's operations. Presented below is the 2012 and 2011 debt-to-equity ratio of the Group:

	2012	2011
Total liabilities	**P 2,433,057,306**	P 2,214,357,618
Total equity	**2,588,938,092**	2,360,355,941
Debt-to-equity ratio	**0.94:1:00**	0.94:1:00

17.02 Capital Stock and Treasury Shares

As of December 31, 2012 and 2011, these accounts consist of:

	Shares	Amount
Capital stock – P1 par value		
Authorized – 1,800,000,000 shares		
Issued shares:		
Balance at end of year	1,193,200,000	P1,193,200,000
Treasury shares		
Balance at end of year	171,413,600	P 385,670,581

17.03 Capital Requirements for ASC

17.03.01 Minimum Capital Requirement - SEC

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

(a) Position on market risk;

(b) Credit risks such as counterparty, settlement, large exposure and margin financing risks; and,

(c) Operational risks.

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

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

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

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

(a) RBCA ratio of greater than or equal to 1:1.1;

(b) NLC should be at least P5.0 million or 5.0% of aggregate indebtedness, whichever is higher;

(c) A dealer who deals only with proprietary shares and does not keep shares in its custody shall maintain a net capital of P2.5 million or 2.5% of aggregate indebtedness, whichever is higher;

(d) In cases where in order to meet an RBCA ratio of at least 1.1, an NLC higher than P5.0 million is required, the higher NLC shall be maintained; and,

(e) No broker dealer shall permit its aggregate indebtedness to exceed 2000% of its NLC.

As of December 31, 2012 and 2011, ASC is in compliance with minimum capital requirement set out by the RBCA framework. ASC's RBCA ratio is 155% and 145% as of December 31, 2012 and 2011, respectively.

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

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

(a) Trading participants should have a minimum unimpaired paid-up capital (defined as the trading participant's total paid up capital less any deficiency in the retained earnings account) of P20,000,000 effective December 31, 2009, provided further that effective December 31, 2010 and onwards, the minimum unimpaired paid up capital shall be P30,000,000; and,

(b) Each trading participant shall pledge its trading right to the extent of its full value to secure the payment of all of debts and claims due to the trading participant, the government, PSE and to other trading participants of the PSE and to the Securities Clearing Corporation of the Philippines.

As of December 31, 2012 and 2011, the ASC is in compliance with PSE's Rules Governing Trading Rights and Trading Participants.

17.03.03 Retained Earnings Appropriation

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

No appropriations were made by ASC in 2011 and 2010 since ASC has a deficit amounting to P82,184,076 and P89,711,862 as of December 31, 2012 and 2011, respectively.

17.04 Capital Requirements for ACIC

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

As of December 31, 2012 and 2011, ACIC is in compliance with minimum capital requirement set out by the RA No. 8366.

17.05 Track Record

On November 17, 1994, the SEC approved the listing of the Company's shares totaling 1,193,200,000. The shares were initially issued at an offer price of P1.00 per share. As of December 31, 2012, there are 119 holders of the listed shares equivalent to 100% of the Company's total outstanding shares.

18. EMPLOYEE BENEFITS

18.01 Salaries and Employee Benefits

Details of employee benefits are presented below:

	2012	2011	2010
Salaries and wages	**P 34,858,393**	P 32,981,565	P 27,014,993
Retirement benefits	**6,459,613**	6,891,925	5,888,446
Bonuses	**4,569,341**	5,586,729	4,810,774
Staff benefits	**3,343,460**	2,374,923	2,254,039
Social security costs	**982,167**	924,499	856,810
Other short-term benefits	**98,500**	99,572	183,147
	P 50,311,474	P 48,859,213	P 41,008,209

18.02 Post-Employment Defined Benefit

The Group does not have a formal retirement plan but it accrues retirement benefit obligation based on actuarial valuation report.

The amounts of post-employment benefit obligation recognized and recorded as part of Accounts Payable and Other Liabilities (see Note 16) in the consolidated statements of financial position follow:

	2012	2011
Present value of the obligation	**P 46,847,179**	P 41,062,436
Unrecognized actuarial loss	**(14,426,561)**	(15,101,431)
Retirement benefit obligation	**P 32,420,618**	P 25,961,005

The movements in present value of the retirement benefit obligation recognized in the books follow:

	2012	2011
Balance at beginning of year	**P 41,062,436**	P 34,652,276
Current service cost	**3,319,939**	3,255,644
Interest cost	**2,464,804**	3,016,745
Actuarial loss	**-**	137,771
Balance at end of year	**P 46,847,179**	P 41,062,436

The movements in the retirement benefit obligation recognized in the books follow.

	2012	2011
Balance at beginning of year	**P 25,961,005**	P 19,069,080
Current service cost	**3,319,939**	3,255,644
Interest cost	**2,464,804**	3,016,745
Actuarial loss	**674,870**	619,536
Balance at end of year	**P 32,420,618**	P 25,961,005

The amounts of retirement benefits recognized in the consolidated statements of comprehensive income follow:

	2012	2011	2010
Current service costs	**P 3,319,939**	P 3,255,644	P 2,521,868
Interest costs	**2,464,804**	3,016,745	2,600,912
Actuarial loss	**674,870**	619,536	765,666
Retirement benefits expense	**P 6,459,613**	P 6,891,925	P 5,888,446

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

	2012	2011	2010
Discount rates	**5.65% - 6.29%**	5.81% - 8.38%	8.00% - 8.35%
Expected rate of salary increases	**8.00%**	8.00%	5.00%

The Group has not established plan assets for the retirement obligation, hence, no excess of fair value of plan assets are disclosed.

19. OTHER EXPENSES

This account consists of:

	2012	2011	2010
Transportation	**P 2,689,539**	P 3,252,688	P 1,875,471
Office supplies	**2,184,926**	1,464,107	1,475,049
Repairs and maintenance	**1,685,304**	1,677,165	3,834,577
Condominium dues	**1,683,199**	1,491,385	1,537,711
Fines and penalties	**1,651,918**	666,309	160,414
Insurance	**1,493,355**	1,395,965	1,538,961
Bank charges	**101,382**	126,365	94,024
Miscellaneous	**2,419,396**	1,498,304	1,450,217
	P 13,909,019	P 11,572,288	P 11,966,424

20. FINANCE INCOME (COSTS)

The breakdown of this account follows:

20.01 Finance Income

	Notes	2012	2011	2010
Gain on sale of investments - net	8, 9	**P 55,783,469**	P 129,816,792	P 74,726,813
Fair value gains on financial assets at FVTPL	8	**23,592,489**	-	63,344,653
Interest income		**996,842**	962,209	906,734
		P 80,372,800	P 130,779,001	P 138,978,200

20.02 Finance Costs

	Notes	2012	2011	2010
Interest expense	14	**P 153,269,522**	P 142,519,818	P 124,002,709
Impairment loss	10	**1,349,708**	-	-
Fair value loss on financial assets at FVTPL	8	**-**	7,447,989	-
		P 154,619,230	P 149,967,807	P 124,002,709

21. TAXES

The components of tax expense (income) reported in the consolidated profit or loss follow:

	2012	2011	2010
Regular corporate income tax (RCIT) at 30%	**P 8,244,047**	P 9,858,410	P 9,614,076
Minimum corporate income tax (MCIT) at 2%	**2,471,612**	2,293,813	2,192,060
Final tax at 20%	**112,720**	151,084	153,395
	10,828,379	12,303,307	11,959,531
Deferred tax expense (income) relating to origination and reversal of temporary differences	**(19,330,996)**	(16,848,879)	(3,234,915)
	(P 8,502,617)	(P 4,545,572)	P 8,724,616

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

	2012	2011	2010
Tax on pre-tax profit (loss) at 30%	**(P 5,838,740)**	P 5,329,297	P 21,551,426
Adjustments for income subjected to lower income tax rates	**(56,361)**	(75,542)	(76,698)
Tax effects of:			
Non-taxable income	**(17,996,400)**	(32,752,396)	(18,293,035)
Recognition of previously unrecognized deferred tax asset	**(10,581,142)**	-	-
Unrecognized deferred tax assets	**1,283,855**	16,564,698	2,232,899
Non-deductible expenses	**4,765,627**	6,388,371	3,310,024
Expired net-operating loss carry over (NOLCO)	**19,920,544**	-	6,774,380
	(P 8,502,617)	(P 4,545,572)	P 8,724,616

The net deferred tax assets which are presented as part of other assets in the statement of financial position as of December 31 relates to the following (see Note 13):

	Consolidated Statements of Financial Position		**Consolidated Profit or Loss**		
	2012	2011	**2012**	2011	2010
Deferred tax assets (liability):					
NOLCO	**P 69,748,633**	P 53,141,370	**(P16,607,236)**	(P 13,457,123)	(P19,763,703)
Allowance for impairment losses	**38,063,250**	38,063,250	**-**	-	-
Fair value gain on financial assets at FVTPL	**(20,187,808)**	(22,063,069)	**(1,875,261)**	(1,769,860)	18,378,370
Retirement benefit obligation	**7,345,984**	6,497,512	**(848,472)**	(1,621,896)	(1,524,119)
MCIT	**325,463**	325,463	**-**	-	(325,463)
Accrued short-term employee benefits	**123,755**	123,755	**-**	-	-
Net deferred tax assets	**P 95,419,277**	P 76,088,281			
Deferred tax expense (income)			**(P19,330,996)**	(P16,848,879)	(P 3,3234,915)

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

	2012		2011	
	Amount	**Tax Effect**	Amount	Tax Effect
Allowance for impairment losses	**P 90,636,918**	**P 27,191,075**	P 89,287,211	P 26,786,163
Allowance for non-recoverability of deferred oil exploration costs	**15,418,003**	**4,625,401**	15,418,003	4,625,401
Retirement benefit obligation			4,302,634	1,290,790
MCIT	**6,360,965**	**6,360,965**	3,889,353	3,889,353
Accrued short-term employee benefits	**581,750**	**174,525**	581,751	174,525
	P 112,997,636	**P 38,351,966**	P 159,270,790	P 50,503,783

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

Year Incurred	Parent	ACIC	Balance	End of Availment
2012	P 56,747,031	P 19,219,744	P 75,966,775	2015
2011	45,792,853	44,857,077	90,649,640	2014
2010	33,471,767	32,407,243	65,879,010	2013
	P 136,011,381	**P 96,484,064**	**P 232,495,445**	

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

Year Incurred	Amount	Valid Until
2012	P 2,471,612	2015
2011	2,022,755	2014
2010	2,192,061	2013
	P 6,686,428	

22. EARNINGS (LOSS) PER SHARE

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

	Note	**2012**	2011	2010
Net profit (loss)		**(P 10,959,851)**	P 22,309,894	P 63,113,471
Divided by the weighted average number of outstanding shares:				
Issued shares	17.02	**1,193,200,000**	1,193,200,000	1,193,200,000
Treasury shares	17.02	**(171,413,600)**	(171,413,600)	(171,413,600)
Outstanding shares		**1,021,786,400**	1,021,786,400	1,021,786,400
Earnings (loss) per share		**(P 0.0107)**	P 0.0218	P 0.0618

As of December 31, 2012, 2011, and 2010, the Group has no outstanding potentially dilutive shares, hence, basic earnings per share are equal to diluted earnings per share.

23. COMMITMENTS AND CONTINGENCIES

23.01 Legal Claims

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

23.02 Operating Leases

The Group is a lessor under non-cancellable operating leases covering its condominium units. The leases have terms of one to two years with renewal options. The future minimum rentals receivable under these non-cancellable operating leases as of December 31, 2012 and 2011 amounted to P1,709,644 and P633,000, respectively, to be collected within one year.

Total rentals from these operating leases amounted to P1,449,242, P1,503,505, P848,661 in 2012, 2011, and 2010, respectively, and are presented as part of Other Revenues account in the consolidated statements of comprehensive income.

23.03 Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the accompanying consolidated financial statements. As of December 31, 2012, management is of the opinion that losses, if any, from these events and conditions will not have a material effect on the Group's consolidated financial statements.

Punongbayan & Araullo
An instinct for growth™

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

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We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of First Abacus Financial Holdings Corporation and subsidiaries (the Group) and the separate financial statements of First Abacus Financial Holdings Corporation for the year ended December 31, 2012, on which we have rendered our separate reports both dated April 12, 2013. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Benjamin P. Valdez
Partner

CPA Reg. No. 0028485
TIN 136-619-880
PTR No. 3671439, January 2, 2013, Makati City
SEC Group A Accreditation
Partner - No. 0009-AR-3 (until Dec. 9, 2014)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-11-2011 (until Sept. 22, 2014)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

April 12, 2013

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

List of Supplementary Information
December 31, 2012

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Schedule A - Financial Asset
December 31, 2012

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Investments at Fair Value Through Profit or Loss				
2GO GROUP, INC.-PREFERRED	93,294	0.00	0	
A. BROWN COMPANY, INC	294,355	886,009.00	3.01	
A. SORIANO CORPORATION "A"	1,819,980.00	9,409,297.00	5.17	
ABACUS CONS. RES & HLDGS INC A	1,099,284.64	736,521.00	0.67	
ABOITIZ EQUITY VENTURES, INC	15,271	808,599.00	52.95	
ABOITIZ POWER CORPORATION	1,107	40,904.00	36.95	
ABRA MINING & INDUSTRIAL CORP	513,698,573.00	2,825,342.00	0.0055	
ABS-CBN CORPORATION	22,110	748,424.00	33.85	
ABS-CBN HOLDING CORP. - PDR	343,989	11,695,626.00	34	
ACESITE (PHILIPPINES) HOTEL CORPORATION	690	828.00	1.2	
AGRINURTURE, INC.	90,314	758,638.00	8.4	
ALASKA MILK CORPORATION	20,666	0.00	0	
ALCORN GOLD RECOURCES	380,099,874	55,114,482.00	0.145	
ALLIANCE GLOBAL GROUP, INC.	59,049	989,661.00	16.76	
ALLIANCE SELECT FOODS INTERNATIONAL INC	1,370,715	2,700,309.00	1.97	
ALPHALAND CORPORATION	47	917.00	19.5	
ALSONS CONSOLIDATED RESOURCES	100,144	129,186.00	1.29	
ANGLO-PHIL HOLDINGS	3,411,332	7,368,477.00	2.16	
APC GROUP, INC.	8,253,863	6,768,168.00	0.82	
APEX MINING COMPANY, INC. "A"	128,333	571,082.00	4.45	
APEX MINING COMPANY, INC. "B"	70,151	312,873.00	4.46	
ARANETA PROPERTIES, INC.	35,921.00	29,096.00	0.81	
ARTHA LAND CORPORATION	5,017,707.00	893,152.00	0.178	
ASIABEST GROUP	72	1,397.00	19.4	
ASIAN TERMINAL, INC.	750,919	7,246,368.00	9.65	
ASIATRUST DEVELOPMENT BANK INC	45,023	0.00	0	
ATLAS CONS MNG & DEVT CORP	3,902,086	72,969,008.00	18.7	
ATN HOLDINGS, INC.	452,124	447,603.00	0.99	
ATN HOLDINGS, INC.'B'	39,870	38,674.00	0.97	
ATOK BIG WEDGE MINING CO INC A	298	5,930.00	19.9	
AYALA CORPORATION "A"	47	24,299.00	517	
AYALA LAND, INC.	17,762	469,805.00	26.45	
BANCO FILIPINO SA & MO BANK	63	0.00	0	
BANK OF THE PHILIPPINE ISLANDS	1,908	181,260.00	95	
BANK OF THE PHILIPPINE ISLANDS	16,320.00	1,550,400.00	95.000	
BANKARD, INC	520,367	364,257.00	0.7	
BASIC ENERGY CORPORATION	1,696,655	458,097.00	0.27	
BDO LEASING & FINANCE, INC.	1,552,437	3,104,874.00	2	
BDO UNIBANK INC.	12,720	926,016.00	72.8	
BELLE CORPORATION	681,343	3,311,327.00	4.86	
BENGUET CORP.-Convtible Pref A	9	103.00	11.44	
BENGUET CORPORATION "A"	199	3,781.00	19	
BENGUET CORPORATION "B"	116	2,320.00	20	
BERJAYA PHILIPPINES INC.	2,339,136	65,495,808.00	28	
BERJAYA PHILIPPINES INC.	5,001,000	139,860,000.00	28.00	
BLOOMBERRY RESORTS CORP	37,452	494,366.00	13.2	
BOGO MEDELLIN MILLING CO.	118	6,278.00	53.2	
BOULEVARD HOLDINGS, INC.	600,000	79,200.00	0.132	
CALAPAN VENTURES, INC.	1,152	5,057.00	4.39	
CALATA HOLDINGS	18,200	72,436.00	3.98	
CEBU AIR, INC.	991	61,293.00	61.85	
CEBU HOLDINGS, INC	162,395	649,580.00	4	
CEBU PROPERTY VENT & DEV'T "A"	12,935	59,501.00	4.6	
CEBU PROPERTY VENT & DEV'T "B"	39	179.00	4.6	
CENTRAL AZUCARERA DE TARLAC	695	0.00	0	
CENTRO ESCOLAR UNIVERSITY	67	799.00	11.92	
CENTURY PEAK METALS HOLDINGS CORPORATI	789,254	662,973.00	0.84	
CENTURY PROPERTIES GROUP INC.	1,900,566	2,812,838.00	1.48	
CHEMREZ TECH., INC.(COAT)	1,173,361	3,473,149.00	2.96	
CHINA BANKING CORPORATION	272	14,851.00	54.6	
CIRTEK HOLDINGS PHILIPPINES CORPORATION	68	1,754.00	25.8	
CITY & LAND DEVELOPERS, INC.	460	1,086.00	2.36	
CITYLAND DEVELOPMENT CORP "A"	877	1,017.00	1.16	
CITYSTATE SAVINGS BANK, INC.	140	3,920.00	28	
COAL ASIA HOLDINGS INC.	5,409,000	5,517,180.00	1.02	

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COL FINANCIAL GROUP, INC.	70,000	1,363,600.00	19.48	
CONCRETE AGGREGATES CORP "A"	94	5,264.00	56	
COSMOS BOTTLING CORPORATION	2,727	0.00	0	
CROWN EQUITIES, INC.	2,042,025	140,900.00	0.069	
CYBER BAY CORPORATION	538,112	435,871.00	0.81	
DFNN, INC.	50,806	229,643.00	4.52	
DIZON COPPER SILVER MINES, INC	26,770	404,227.00	15.1	
DMCI HOLDINGS, INC.	1,309	70,621.00	53.95	
DNL	40,000	176,000.00	4.4	
EAST WEST	12,774	370,446.00	29	
EASYCALL COMM PHILS INC COMMON	1,056	2,746.00	2.6	
EEI CORPORATION	122,803	1,240,310.00	10.1	
EMPIRE EAST LAND HOLDINGS, INC	170,514	168,809.00	0.99	
ENERGY DEVELOPMENT CORP.	2,236	15,093.00	6.75	
ETON PROPERTIES PHIL., INC.	-	0.00	0	
EURO-MED LAB. PHIL., INC.	837	1,507.00	1.8	
EVER-GOTESCO RES. & HOLDINGS	1,325,000	530,000.00	0.4	
EXPORT AND INDUS. BANK, INC."A	5,036,687	0.00	0	
F&J PRINCE HOLDINGS CORP.	2,847	8,513.00	2.99	
FAR EASTERN UNIVERSITY, INC	14	15,120.00	1,080.00	
FEDERAL RES.INVEST GROUP INC.	65	579.00	8.91	
FIL INVEST CORP	7,945	0.00	0	
FILINVEST DEVELOPMENT CORP.	902,130	4,456,522.00	4.94	
FILINVEST LAND, INC.	47,587	70,905.00	1.49	
FILIPINO FUND, INC.	80	896.00	11.2	
FILSYN CORPORATION "A"	407	0.00	0	
FIRST GEN CORPORATION	6,356	141,739.00	22.3	
FIRST PHIL HOLDINGS CORP "A"	928	83,520.00	90	
FIRST PHIL. HOLDINGS CORP.PREF	50	5,175.00	103.5	
FORUM PACIFIC, INC.	505	101.00	0.2	
GEOGRACE RESOURCES,PHILS.,INC.	2,604,066	1,302,033.00	0.5	
GINEBRA SAN MIGUEL, INC.	50,105	891,869.00	17.8	
GLOBAL-ESTATE RESORTS, INC.	1,623,168	3,181,409.00	1.96	
GLOBALPORT 900	20	396.00	19.82	
GLOBE TELECOM INC, "A"	3,545	3,871,140.00	1,092.00	
GLOBE TELECOMS "WARRANTS"	2	0.00	0	
GMA HOLDINGS, INC.	512,799	4,779,287.00	9.32	
GMA NETWORK, INC.	118,460	1,087,463.00	9.18	
GOTESCO LAND, INC. "A"	158,086	0.00	0	
GOTESCO LAND, INC. "B"	410,532	0.00	0	
GRAND PLAZA HOTEL CORP(COMMON)	59	2,596.00	44	
GREENERGY HOLDINGS INCORPORATED	538,770	11,853.00	0.022	
GTCAP HOLDINGS	315	195,300.00	620	
HOLCIM PHILIPPINES, INC.	50,710	709,940.00	14	
HOUSE OF INVESTMENTS, INC	200,317	1,259,994.00	6.29	
IMPERIAL RESOURCES, INC "A"	70,250	358,275.00	5.1	
INFORMATION CAP.TECH. VENTURES	4,000	1,440.00	0.36	
INTEGRATED MICRO-ELECTRONICS, INC.	532	2,117.00	3.98	
INTERPORT RESOURCES CORP. "A"	953,229	1,096,213.00	1.15	
INT'L CONTAINER TERMINAL SERV	6,225	460,650.00	74	
IONICS,INC.	2,515,696	1,584,888.00	0.63	
IP CONVERGE DATA CENTER, INC.	158	528.00	3.34	
IP E-GAME VENTURES, INC.	1,956	49.00	0.025	
IPEOPLE, INC.	206,901	1,758,659.00	8.5	
IPVG CORPORATION	662,710.00	390,999.00	0.59	
I-REMIT, INC.	383,917	1,071,128.00	2.79	
ISLAND INFORMATION & TECH. INC	22,428,411	1,076,564.00	0.048	
ISLAND INFORMATION & TECH. INC	200,000.00	9,600.00	0.048	
ISM COMMUNICATIONS CORP.	81,755	211,747.00	2.59	
JG SUMMIT HOLDINGS, INC.	721	28,480.00	39.5	
JOLLIBEE FOODS CORPORATION	821	83,742.00	102	
KEPPEL PHIL HOLDINGS INC "B"	270	1,350.00	5	
KEPPEL PHILS. HOLDINGS INC "A"	51,312	159,580.00	3.11	
KEPPEL PHILS. PROPERTIES, INC.	2,570	5,783.00	2.25	
LAFARGE REPUBLIC, INC.	2,263	26,477.00	11.7	
LEISURE & RESORTS WORLD CORP.	3,813	31,648.00	8.3	

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LEPANTO CONSOLIDATED MNG CO A	1,502,535	1,502,535.00	1	
LEPANTO CONSOLIDATED MNG CO B	1,301,786	1,431,965.00	1.1	
LIBERTY FLOUR MILLS, INC.	238	9,877.00	41.5	
LIBERTY TELECOM	11,117	26,681.00	2.4	
LMG CHEMICALS CORP	45	82.00	1.83	
LODESTAR INVSMT HOLDINGS CORP.	151,086.00	145,043.00	0.96	
LOPEZ HOLDINGS CORPORATION	40,480	254,214.00	6.28	
LORENZO SHIPPING CORPORATION	23,208.00	30,635.00	1.32	
MABUHAY HOLDINGS CORPORATION	7,500	2,775.00	0.37	
MABUHAY VINYL CORPORATION	221,530	356,663.00	1.61	
Macro Asia Corp.(Cobertson)	1,183,082	3,182,491.00	2.69	
MAKATI FINANCE CORPORATION	116	267.00	2.3	
MANCHESTER INTERNATIONAL HOLDINGS UNI	285	3,454.00	12.12	
MANCHESTER INTERNATIONAL HOLDINGS UNI	75	900.00	12	
MANILA BULLETIN PUBLISHING COR	53,394	36,308.00	0.68	
MANILA ELECTRIC COMPANY "A"	2,380	620,228.00	260.6	
MANILA JOCKEY CLUB, INC.	668.00	1,830.00	2.74	
MANILA MINING CORPORATION "A"	2,537,113	152,227.00	0.06	
MANILA MINING CORPORATION "B"	15,182,799	941,334.00	0.062	
MANILA WATER COMPANY, INC.	706	22,592.00	32	
MANULIFE FINANCIAL CORP.	20	10,100.00	505	
MARCVENTURES HOLDINGS, INC.	400,065	740,120.00	1.85	
MARIWASA	300	1,755.00	5.85	
MARSTEEL CONSOLIDATED, INC "A"	690,000	0.00	0	
MARSTEEL CONSOLIDATED, INC "B"	616,200	0.00	0	
MEDCO HOLDINGS, INC.	4,990	0.00	0	
MEGAWIDE CONSTRUCTION CORPORATION	276	5,078.00	18.4	
MEGAWORLD CORPORATION	323,502	896,101.00	2.77	
MEGAWORLD CORPORATION	1,908,000.00	5,285,160.00	2.770	
MEGAWORLD CORPORATION WARRANTS	1,200,660	2,053,129.00	1.71	
MEGAWORLD CORPORATION WARRANTS	970	1,610.00	1.66	
METRO ALL. HOLD.&EQUITIES CORP	13,957	0.00	0	
METRO ALL.HOLD.& EQUITIES CORP	26,679	0.00	0	
METRO PACIFIC INV'T CORP.	48,803	217,173.00	4.45	
METRO PACIFIC CORPORATION	5,143,110.00	10,697,669.00	2.08	
METROPOLITAN BANK & TRUST CO	924	94,248.00	102	
MINERALES INDUSTRIAS CORP.	1,057,866	6,315,460.00	5.97	
MJC INVESTMENTS CORPORATION	1,854	10,642.00	5.74	
MRC ALLIED, INC.	2,590,000	393,680.00	0.152	
NATIONAL REINSURANCE CORP.	343,883	584,601.00	1.7	
NICKEL ASIA CORPORATION	40,390	650,279.00	16.1	
NIHAO MIN. RES. INT'L INC.	244,064	1,217,879.00	4.99	
OMICO CORP. WARRANT	1,015,316.00	0.00	0	
OMICO CORPORATION	993,639	566,374.00	0.57	
ORIENTAL PENINSULA RES.GRP.INC	310,855	963,651.00	3.1	
ORIENTAL PET & MINERAL CORP A	88,952,363	1,690,095.00	0.019	
ORIENTAL PET & MINERAL CORP B	49,305,504	986,110.00	0.02	
PACIFIC ONLINE SYSTEM CORP.	916	12,897.00	14.08	
PACIFICA, INC. "A"	45,259,689	2,262,984.00	0.05	
PAL HOLDINGS, INC.	35,548	174,185.00	4.9	
PANASONIC MFG. PHILS., CORP.	436	2,655.00	6.09	
PANCAKE HOUSE, INC.	514	3,999.00	7.78	
PAXYS, INC.	252,958	748,756.00	2.96	
PEPSI-COLA PROD. PHIL., INC.	601,074	3,919,002.00	6.52	
PETROENERGY RESOURCES CORP.	134,565	820,847.00	6.1	
PETRON CORPORATION	145,869	1,525,790.00	10.46	
PHIL BANK OF COMMUNICATIONS A	2	144.00	72	
PHIL LONG DIS TEL CO "COMMON"	206	521,180.00	2,530.00	
PHIL TELEGRAPH & TEL CORP "A"	5,901	0.00	0	
PHIL TOB. FLUE CURING & REDRY	26	443.00	17.02	
PHIL. REALTY & HOLDINGS CORP.	6,177,896	2,718,274.00	0.44	
PHIL. RLTY & HLDNGS - SUBS	1,301,300	0.00	0	
PHILCOMSAT HOLDINGS CORPORATION	9,800	0.00	0	
PHILEX MINING CORP. "A"	2,768	41,465.00	14.98	
PHILEX PETROLEUM CORPORATION	2,919	87,424.00	29.95	
PHILIPPINE ESTATES CORPORATION	7,000	4,550.00	0.65	

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PHILIPPINE NATIONAL BANK	167	15,197.00	91	
PHILIPPINE NATIONAL CONST CORP	121,895	0.00	0	
PHILIPPINE RACING CLUB, INC.	107	1,017.00	9.5	
PHILIPPINE SAVINGS BANK	27,052	2,705,200.00	100	
PHILIPPINE SEVEN CORPORATION	24	2,208.00	92	
PHILIPPINE STOCK EXCHANGE, INC	8	3,328.00	416	
PHILIPPINE TRUST COMPANY	42	2,730.00	65	
PHILWEB CORPORATION	17,080	214,525.00	12.56	
PHINMA CORPORATION	91,131	1,066,233.00	11.7	
PHOENIX PETROLEUM PHIL., INC.	13,637	123,142.00	9.03	
PICOP RESOURCES, INC	4,401,192	0.00	0	
PNOC EXPLORATION CORP. "B"	500	12,525.00	25.05	
PREMIERE HORIZON ALLIANCE CORPORATION	477,851	157,691.00	0.33	
PRIME MEDIA HOLDINGS, INC.	5,218	6,679.00	1.28	
PRIME ORION PHILIPPINES, INC.	10,935,464.00	6,014,505.00	0.55	
PRIMETOWN PROPERTY GROUP,INC.	400	0.00	0	
PRYCE PROPERTIES CORPORATION	9,061	0.00	0	
PUREGOLD PRICE CLUB, INC.	1,033	34,089.00	33	
REPUBLIC GLASS HLDNGS CORP "A"	3,429	7,921.00	2.31	
RFM CORPORATION	397,634	1,988,170.00	5	
RIZAL COMM'L BANKING "PREF"	4,022	0.00	0	
RIZAL COMM'L BANKING CORP "A"	16,195	971,700.00	60	
ROBINSONS LAND CORPORATION	8,004	166,083.00	20.75	
ROCKWELL DEVOPLEMENT CORP	88,213	214,358.00	2.43	
ROXAS AND COMPANY, INC.	2,763	6,023.00	2.18	
ROXAS HOLDINGS, INC.	238,308	705,392.00	2.96	
SAN MIGUEL BREWERY, INC.	102,060	2,990,358.00	29.3	
SAN MIGUEL CORPORATION "A"	1,094	115,308.00	105.4	
SAN MIGUEL CORPORATION SERIES "1" PREFERI	5,120.00	0.00	0	
SAN MIGUEL PUREFOODS COMPANY, INC. A	2	488.00	244	
SANITARY WARES MFG CORPORATION	67,992	0.00	0	
SEAFRONT RESOURCES CORP. "A'	69,746	121,358.00	1.74	
SECURITY BANK CORPORATION	2,986	465,816.00	156	
SEMIRARA MINING CORPORATION	100	23,340.00	233.4	
SHANGRILA PROPERTIES, INC.	184,185	559,922.00	3.04	
SINOPHIL CORPORATION	9,579,303	3,017,480.00	0.315	
SM DEVELOPMENT CORPORATION	41,564	244,812.00	5.89	
SM INVESTMENTS CORPORATION	249	219,618.00	882	
SM PRIME HOLDINGS, INC	24,760	408,540.00	16.5	
SOLID GROUP, INC.	400,375	792,743.00	1.98	
SOUTH CHINA RESOURCES, INC.	201,027	207,058.00	1.03	
SOUTHEAST ASIA CEMENT HLDG INC	289,100	693,840.00	2.4	
SPLASH CORPORATION	265,851	451,947.00	1.7	
STA. LUCIA LAND, INC.	93,064	61,422.00	0.66	
STARMALLS, INC.	473	1,883.00	3.98	
STENIEL MANUFACTURING CORP	1,216	0.00	0	
STI EDUCATIONAL	808	824.00	1.02	
SUN LIFE FIN. SERV. OF CANADA	4,656	4,632,720.00	995	
SUNTRUST HOME DEVELOPERS, INC.	2,288,612	1,235,850.00	0.54	
SUPERCITY REALTY DEV'T. CORP.	64,000	76,800.00	1.2	
SWIFT FOODS, INC	423,328	59,689.00	0.141	
SWIFT FOODS, INC. CONVERTIBLE PREFERRED	6,389	8,050.00	1.26	
TANDUAY HOLDINGS, INC.	7,099	94,985.00	13.38	
THE PHILODRILL CORPORATION "A"	29,143,067	1,136,580.00	0.039	
TKC STEEL CORP.	142,650	249,638.00	1.75	
TRANS-ASIA OIL AND ENERGY DEVELOPMENT (	1,664,006	1,930,247.00	1.16	
TRANSPACIFIC BROD. GROUP INT'L	797,957	2,074,688.00	2.6	
UNIOIL RESOURCES & HOLDINGS COMPANY INC	4,420,941	1,215,759.00	0.275	
UNION BANK OF THE PHILIPPINES	20,341	2,292,431.00	112.7	
UNITED PARAGON MINING CORP.	11,823,319	200,996.00	0.017	
UNIVERSAL RIGHTFIELD PROP.	(8,988,420)	0.00	0	
UNIVERSAL ROBINA CORPORATION	2,854	239,308.00	83.85	
UNIWIDE HOLDINGS, INC.	8,475,036	0.00	0	
VANTAGE EQUITIES, INC.	2,476,374	5,992,825.00	2.42	
VICTORIAS MILLING COMPANY, INC	1,313	1,825.00	1.39	
VISTA LAND & LIFESCAPES, INC	89,199	433,507.00	4.86	

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VITARICH CORPORATION	30,600	28,764.00	0.94	
VIVANT CORPORATION	1,022	9,200.00	9.01	
VULCAN INDL & MINING CORP.	3,920,413	5,488,577.00	1.4	
WATERFRONT PHILIPPINES, INC	1,157,944	474,757.00	0.41	
WELLEX INDUSTRIES, INC.	7,086	2,126.00	0.3	
WISE HOLDINGS INC."A"	2,891	0.00	0	
WISE HOLDINGS, INC. "B"	29,389	0.00	0	
YEHEY PHILS.	236,217	295,271.00	1.25	
ZUES HOLDINGS, INC.	3,181,294	1,081,640	0	
		557,756,995.00		

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Held-to-maturity

Not Applicable

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Available-for-sale Securities				
BERJAYA PHILIPPINES INC.	92,541,830	P 2,591,171,240	P 28.00	
CEBU COUNTRY CLUB	1	3,400,000	3,400,000	
MIMOSA GOLF	1	430,000	430,000	
UNIVERSAL LEISURE CLUB	3	3,000,000	1,000,000	
VALLE VERDE	2	350,000	175,000	
		P 2,598,351,240		

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Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
December 31, 2012

Name and Designation of Debtor		*Balance at Beginning of Period*	*Additions*	*Amounts Collected*	*Amounts Written Off*	*Current*	*Not Current*	*Balance at End of Period*
Abacan, Erwin	IT Staff	P 12,719	P 35,000	P 32,880	P -	P 14,839	P -	P 14,839
Agapay, Grace	Emergency	34,897		9,897	-	25,000	-	25,000
Aguilar, Ma. Sheila	Vice President - Operations	58,433		58,074	-	359	-	359
Bernal, Madelyn	Operations Staff	12,719	40,000	34,088	-	18,631	-	18,631
Casimsiman, Joel	Asst Manager	13,601	155,000	87,804	-	80,797	-	80,797
Cometa, Roel	Research Asst.	26,132	20,000	34,079	-	12,053	-	12,053
Cruz, Elizabeth	Operations Staff	11,843	35,000	34,943	-	11,900	-	11,900
Cruz, Norlita	Documentation Clerk	2,926	40,000	2,926	-	40,000	-	40,000
De Guzman, Ma. Cristina	AVP - Inst. Sales	690,444		69,868	-	620,576	-	620,576
Dela Cruz, Milan C.	Vice President - Controller	912,328		45,987	-	866,341	-	866,341
Delos Santos, Marie Ann	Customer service officer	18,398		18,398	-	0	-	-
Escraman, Raquel	Customer Service Officer	5,958	20,000	21,692	-	4,266	-	4,266
Fontanilla, Paolo	Research Officer	530,833		130,000	-	400,833	-	400,833
Franco, Raymond Neil	Research Head	76,313	3,000,000	116,313	-	2,960,000	-	2,960,000
Lana, Geraldine	Documentation Clerk	8,483	-	8,483	-	0	-	-
Lazaro, Juanito	IS Trader	650,000		108,333		541,667		541,667
Lemen, Gregory	Manager - Info Tech	177,500		60,000	-	117,500	-	117,500
Magno, Rosario	HR - Asst Manager	20,397	100,000	58,554	-	61,843	-	61,843
Marcelo, Christina	Institutional Sales	8,045	45,000	30,568	-	22,477	-	22,477
Norega, Ermen	Operations Staff	10,599	30,000	29,138	-	11,461	-	11,461
Orlanda, Pamela	Operations Staff	10,175	30,000	26,202	-	13,973	-	13,973
Patana, Medel	Acctg. Supervisor	13,973		13,973	-	0	-	-
Santos, Marilou	HR Manager	38,204	120,000	117,402	-	40,802	-	40,802
Sapon, Michelle	Credit and Collection Clerk	9,933	30,000	33,534	-	6,399	-	6,399
Velasco, Estella Mae	Customer Service Staff	11,794	20,000	27,528	-	4,266	-	4,266
Villar Dennis	Manager- Credit and Collection	519,572	110,000	220,626	-	408,946	-	408,946
		P 3,886,219	**P 3,830,000**	**P 1,431,289**	**P -**	**P 6,284,930**	**P -**	**P 6,284,930**

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Schedule C - Accounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2012

			Deductions		Ending Balance		
Name of Related Party	*Balance at Beginning of Year*	*Additions*	*Amounts Collected*	*Amounts Written-off*	*Current*	*Not Current*	*Balance at End of Year*
Abacus Securities Coporation	P 18,658,097	P 7,668,434	P 18,888,150	-	P 7,438,381	-	P 7,438,381

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Schedule D - Intangible Assets - Other Assets
the Consolidation of Financial Statements
December 31, 2012

Description	*Beginning Balance*	*Additions at costs*	*Charged to Cost and Expense*	*Charged to Other Accounts*	*Other Charges Additions (Deductions)*	*Ending Balance*
Goodwill - net	P 35,324,355	P -	P -	P -	P -	P 35,324,355
Trading right	1,408,000	-	-	-	-	1,408,000
Computer software	293,675	1,126,607	359,399	-	-	1,060,883
	P 37,026,030	**P 1,126,607**	**P 359,399**	**P -**	**P -**	**P 37,793,238**

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Schedule E - Long-term Debt
December 31, 2012

Title of Issue and Type of Obligation	*Amount Authorized by Indenture*	*Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Statement of Financial Position*	*Amount Shown Under Caption "Long-term Debt" in Related Statement of Financial Position*
Notes Payable and Bank Loans	P 2,012,060,034	P 2,012,060,034	P -

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Schedule F - Indebteness to Related Parties (Long-term Loans from Related Companies)
December 31, 2012

Name of Related Party	*Balance at Beginning of Year*	*Balance at End of Year*

Not Applicable

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Schedule G - Guarantees of Securities of Other Issuers
December 31, 2012

Name of issuing entity of securities guaranteed by the company for which this statement is filed	*Title of issue of each class of securities guaranteed*	*Total amount guaranteed and outstanding*	*Amount owned by person for which statement is filed*	*Nature of guarantee*

Not Applicable

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Schedule H - Capital Stock
December 31, 2012

				Number of shares held by		
Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under the related statement of financial position caption*	*Number of shares reserved for options, warrants, coversion and other rights*	*Related parties*	*Directors, officers and employees*	*Others*
Common shares - P1 par value Authorized - P1,800,000,000 shares 1,193,200,000 shares issued and outstanding	1,800,000,000	1,193,200,000	-	171,413,600	162,008,000	859,778,400
Treasury shares	-	(171,413,600)	-	(171,413,600)	-	-
	1,800,000,000	**1,021,786,400**	**-**	**-**	**162,008,000**	**859,778,400**

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION
Unit 2904-A, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center, Pasig City

RECONCILIATION OF RETAINED EARNINGS FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2012

Unappropriated Retained Earnings (Parent Company Financial Statements) For Dividend Declaration At Beginning Of Year	(P 974,867,703)
Net loss per audited financial statements	(10,959,851)
Unappropriated Retained Earnings (Parent Company Financial Statements) For Dividend Declaration At End Of Year	**(P 985,827,554)**

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of December 31, 2012

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendments to PFRS 1: Government Loans* *(effective January 1, 2013)*			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities* *(effective January 1, 2013)*			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures * *(effective January 1, 2015)*			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments* *(effective January 1, 2015)*			✓
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures* *(effective January 1, 2015)*			✓
PFRS 10	Consolidated Financial Statements* *(effective January 1, 2013)*			✓
	Amendments to PFRS 10: Transition Guidance* *(effective January 1, 2013)*			✓
	Amendments to PFRS 10: Investment Entities* *(effective January 1, 2013)*			✓
PFRS 11	Joint Arrangements* *(effective January 1, 2013)*			✓
	Amendments to PFRS 11: Transition Guidance* *(effective January 1, 2013)*			
PFRS 12	Disclosure of Interests in Other Entities* *(effective January 1, 2013)*			✓
	Amendments to PFRS 12: Transition Guidance* *(effective January 1, 2013)*			✓
	Amendments to PFRS 12: Investment Entities* *(effective January 1, 2013)*			✓
PFRS 13	Fair Value Measurement* *(effective January 1, 2013)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	♋		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	♋		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	♋		
PAS 2	Inventories			♋
PAS 7	Statement of Cash Flows	♋		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	♋		
PAS 10	Events after the Reporting Period	♋		
PAS 11	Construction Contracts			♋
PAS 12	Income Taxes	♋		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	♋		
PAS 16	Property, Plant and Equipment	♋		
PAS 17	Leases	♋		
PAS 18	Revenue	♋		
PAS 19	Employee Benefits	♋		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures **	♋		
PAS 19 (Revised)	Employee Benefits* *(effective January 1, 2013)*			♋
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			♋
PAS 21	The Effects of Changes in Foreign Exchange Rates	♋		
	Amendment: Net Investment in a Foreign Operation **	♋		
PAS 23 (Revised)	Borrowing Costs	♋		
PAS 24 (Revised)	Related Party Disclosures	♋		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			♋
PAS 27	Consolidated and Separate Financial Statements	♋		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate **	♋		
PAS 27 (Amended)	Separate Financial Statements* *(effective January 1, 2013)*			♋
	Amendments to PAS 27 (Amended): Investment Entities* *(effective January 1, 2013)*			♋
PAS 28	Investments in Associates	♋		
PAS 28 (Amended)	Investments in Associates and Joint Ventures* *(effective January 1, 2013)*			♋
PAS 29	Financial Reporting in Hyperinflationary Economies			♋
PAS 31	Interests in Joint Ventures			♋
PAS 32	Financial Instruments: Presentation	♋		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation **	♋		
	Amendment to PAS 32: Classification of Rights Issues **	♋		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities* *(effective January 1, 2014)*			♋
PAS 33	Earnings per Share	♋		
PAS 34	Interim Financial Reporting			♋
PAS 36	Impairment of Assets	♋		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	♋		
PAS 38	Intangible Assets	♋		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 39	Financial Instruments: Recognition and Measurement	♋		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities **	♋		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions **	♋		
	Amendments to PAS 39: The Fair Value Option **	♋		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts **	♋		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets **	♋		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition **	♋		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives **	♋		
	Amendment to PAS 39: Eligible Hedged Items **	♋		
PAS 40	Investment Property	♋		
PAS 41	Agriculture			♋
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			♋
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			♋
IFRIC 4	Determining Whether an Arrangement Contains a Lease	♋		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			♋
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			♋
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			♋
IFRIC 9	Reassessment of Embedded Derivatives			♋
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			♋
IFRIC 10	Interim Financial Reporting and Impairment			♋
IFRIC 12	Service Concession Arrangements			♋
IFRIC 13	Customer Loyalty Programmes			♋
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction **	♋		
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction **	♋		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			♋
IFRIC 17	Distributions of Non-cash Assets to Owners**	♋		
IFRIC 18	Transfers of Assets from Customers**	♋		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	♋		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine* *(effective January 1, 2013)*			♋
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			♋
SIC-10	Government Assistance - No Specific Relation to Operating Activities			♋
SIC-12	Consolidation - Special Purpose Entities			♋
	Amendment to SIC - 12: Scope of SIC 12			♋
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			♋
SIC-15	Operating Leases - Incentives **	♋		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	♋		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease **	♋		
SIC-29	Service Concession Arrangements: Disclosures			♋
SIC-31	Revenue - Barter Transactions Involving Advertising Services			♋
SIC-32	Intangible Assets - Web Site Costs **	♋		

* These standards will be effective for periods subsequent to 2012 and are not early adopted by the Company.

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

FIRST ABACUS FINANCIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Map Showing the Relationships Between the Company and its Related Entities
December 31, 2012