

COMPILATION OF MATERIAL FINDINGS ON 2011 AFS OF BROKER-DEALER COMPANIES
TOTAL NUMBER OF COMPANIES COVERED: 25

COMPONENTS OF FINANCIAL STATEMENTS	FINDINGS	NO. OF COMPANIES	PERCENTAGE (%) TO TOTAL
Statement of Management's Responsibility	The Statement of Management Responsibility was not signed by the required signatories (SRC Rule 68.1, as amended).	4	16%
Schedule of All Effective Standards and Interpretation as of Year-End	There is no audited schedule of all effective standards and interpretations as of year-end attached to the AFS (SRC Rule 68, as amended).	15	60%
Schedule of Financial Soundness Indicators	There is no schedule of financial soundness indicators in comparative periods attached to the AFS (SRC Rule 68, as amended).	7	28%

Notes to Financial Statements	FINDINGS	NO. OF COMPANIES	PERCENTAGE (%) TO TOTAL
Cash and Cash Equivalents	There is no discussion of the company's compliance with the requirements of Rule 49.1b as to the set-up and maintenance of a "Special Reserve Bank Account" for the exclusive benefit of its customers.	3	12%
	Cash and cash equivalents was not classified in accordance with the prescribed categories under PAS 39.	4	16%
Investment Property	The company incorrectly used the zonal value of its investment properties as its basis of fair value (PAS 40).	1	4%

Notes to Financial Statements	FINDINGS	NO. OF COMPANIES	PERCENTAGE (%) TO TOTAL
Equity	There are no disclosures on the nature, purpose and timeframe of usage of the Appropriated Retained Earnings (Sec. 43 of the Corporation Code and PAS 1).	1	4%
	The company's paid-in capital is below the required capitalization of P100 Million under SRC Rule 28.1 (E) (v).	1	4%
	The company's "Appropriation of reserve fund" is deficient per computation based on the schedule under Rule 49.1 (B) and SEC Memorandum Circular No. 16, Series of 2004).	2	8%
Costs and Expenses	There is no explanatory note on "Miscellaneous Expense" despite materiality of amount (PAS 1).	1	4%
Related Party Transactions	There are no accounting policy and disclosures on related party transactions (PAS 24).	1	4%
	Incomplete disclosures on related party transactions, i.e., details and volume of transactions, interest rates and collateral used/received (PAS 24).	1	4%
	There is no disclosure on key management personnel compensation (PAS 24).	1	4%
	There are no disclosures of the terms and conditions of the arrangement with the company's major stockholder on the use of trading right (PAS 1, 24).	1	4%
	Incorrect classification of "Advances to Stockholders" under current assets despite its continuous non-settlement (PAS 1, 39, 24 and PFRS 7).	1	4%

Notes to Financial Statements	FINDINGS	NO. OF COMPANIES	PERCENTAGE (%) TO TOTAL
Estimates and Judgments	There is no discussion on key estimates and judgments used by the Management (PAS 1).	1	4%
Financial Risk Management	There is no discussion on fair value hierarchy (PFRS 7).	1	4%
	There is no discussion on sensitivity analysis on equity risk (PFRS 7).	1	4%