Consolidated Resources & Holdings, Inc.

2008 Annual Report

ABACUS

Consolidated Resources & Holdings, Inc.

2008 Annual Report

Message to Stockholders

In 2008, ABACUS Consolidated Resources and Holdings, Inc. (ABACUS) registered a consolidated gross income of P748 million, and a consolidated net income of P532 million. Assets rose from P2.3 billion in 2007 to P2.7 billion in 2008. Total equity climbed from P1.7 billion in 2007 to P2.1 billion in 2008. Liabilities increased by only P35 million from the previous year: the increase was due mainly to a rise in deferred tax liability due to required reporting on appraisal on the value of properties. Further, some of our properties were reappraised per auditing standards, resulting in total gains from revaluation of P726 million. Our gross income in 2008 was higher than 2007's P670 million. Net income was lower than 2007's P588 million mainly due to provision for taxes. In all other respects, ABACUS' accomplishments in 2008 have been commendable.

Our performance last year echoed the preceding year's multimillion peso income. This back-to-back accomplishment reflects in part our commitment to prudent investments and responsible management; it is also consistent with our assurance that we are right on track in our strategy for our company.

One of our inroads this year is the development of the 120-hectare Pagkilatan-Matuco property in Batangas City fronting the Verde Island Passage, now in full steam. On February 14, 2008, our company signed a joint venture agreement with Solar Resources, Inc. for our Punta Verde project to develop eighty-two (82) hectares of our property into an upscale residential and commercial complex, complete with recreational amenities. ABACUS and Solar will jointly market the project that attracted the attention from the discerning public. Development of the road networks that lead to the site is now partially complete. As we have projected, land values in the area have risen dramatically.

Our interests in mining, meanwhile, have also proceeded apace. Our company's mining rights are covered under its Exploration Permit Application with the Department of the Environment and Natural Resources for the exploitation of gold in San Francisco and Rosario, Agusan del Sur. Appraisal of our mining rights will follow. Meanwhile, we are already in discussions with various investing groups interested in participating in our gold mining claims.

Exploration of our high-quality coal blocks in Tandag, Surigao del Sur, is far advanced. Last year, we signed an agreement with two companies, which provided for the operation of coal mining.

We anticipate both gold and coal mining operations to account for a sixth of the total revenues of ABACUS until next year. In addition, for the coming year, we can expect an appreciation in property appraisal of not less than P1 billion.

ABACUS, through a subsidiary, has also acquired an interest in two hotels in Batangas City, namely Alpa Hotel, a 40-room budget hotel, and Batangan Plaza, a popular venue for social functions.

Recently, our company decided to develop and convert our property in Rosario, Batangas into an aeronautic project cum flying school, which will assure cash flows and increase land values of our adjacent properties. We have also embarked on the development of a memorial park in Lipa City with a respectable partner. We are now in an advanced stage in our plans to develop our Rosario and Lemery properties into retirement villages.

In joint venture with our Kuwaiti partners, we have submitted an unsolicited proposal to design, finance, develop and operate the Diosdado Macapagal International Airport, located in the former Clark Air Base in Pampanga. Our proposal is pending acceptance by the Board of Directors of Clark International Airport Corporation.

We intend to apply the same approach in proposing a joint venture with the Philippine National Oil Company to operate gas pipelines to provide the energy requirements of power utilities, transport groups, commercial, industrial and residential end-users.

Although the bulk of our revenues in 2008 was derived from gains on property revaluation in the Punta Verde project, our stake at Pacific Online Systems Corporation (POSC) for the lease of gaming equipment remains lucrative. Our gross income, the dismal performance of many companies notwithstanding, rose by 11.64% from last year's. Best of all, the basic earnings per share rose markedly from P0.27 to P0.35, true to our assurances.

We are very grateful for your unfailing support, as the coming year promises to be another solid performance of our company. We remain true to our commitment to act always in the best interest of the company to insure shareholders values.

JOSE V. ROMERO
Chairman

LEONARDO S. GAYAO
President

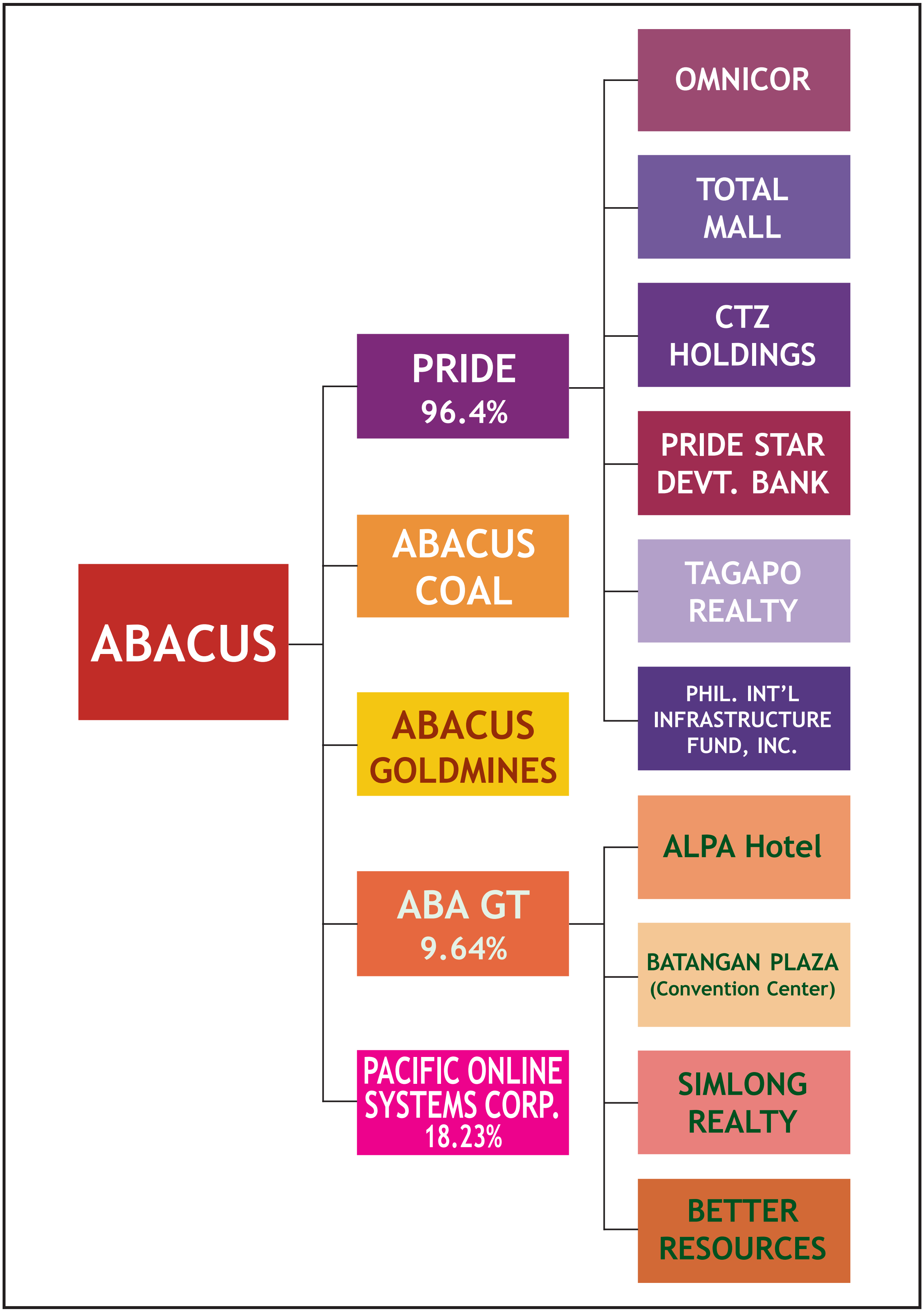
Overview

ABACUS Consolidated Resources and Holdings, Inc. ("ABACUS") was incorporated on April 30, 1981 as Piedra Negra Mining Corporation, and publicly listed its shares on October 28, 1987. In 1989, the current majority owners and converted it into a holding company under its present name.

As a holding company, ABACUS owns a controlling interest in companies engaged in real estate, financial services, gold mining, and coal mining. It also has a significant stake in Pacific Online Systems Corporation, a company that holds an exclusive right to lease online lottery equipment for the lotto operations of the Philippine Charity Sweepstakes Office in the Visayas and Mindanao.

Below is a list of the companies in which ABACUS has a controlling/substantial stake.

Financial Services	Philippine Regional Investment Development Corporation
Real Estate	Omnicor Industrial Estate & Realty Center, Inc.
Lease of Gaming Equipment	Pacific Online Systems Corporation
Coal Mining	ABACUS Coal Exploration & Development Corporation
Gold Mining	ABACUS Goldmines Exploration & Development Corporation



ABACUS AND ITS SUBSIDIARIES

The real estate activities of ABACUS are lodged mainly under Omnicor Industrial Estate and Realty Center, Inc. (Omnicor), a fully owned real estate subsidiary of PRIDE.

Punta Verde, Cloisters and Sanctuary

ABACUS' main real estate project for 2009 and beyond is a residential, pilgrimage and recreation complex located in a 100-hectare plus property located in Matuco Point, Batangas City. Matuco Point lies at the southwest tip of Batangas Bay, 30 minutes drive from Batangas City proper.

AERIAL PHOTOGRAPHS OF MATUCO POINT

VIEW OF PAGKILATAN

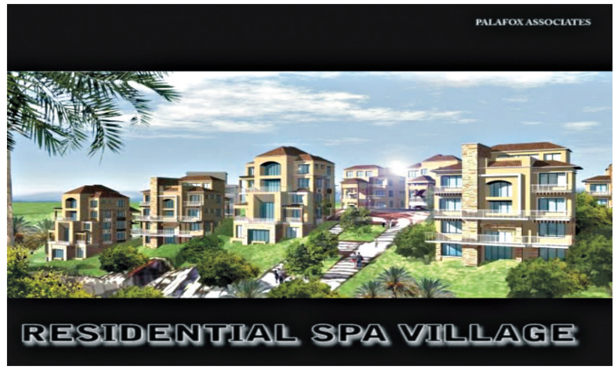
VERDE ISLAND

With a peak elevation of 180 meters above sea level, Matuco point slopes down toward white-sand beaches facing Verde Island Passage, a very special strip of the sea that is home to spectacular reef formations of more than 300 species of coral and underwater rock canyons hosting nearly 60 percent of the world's known shorefish species.

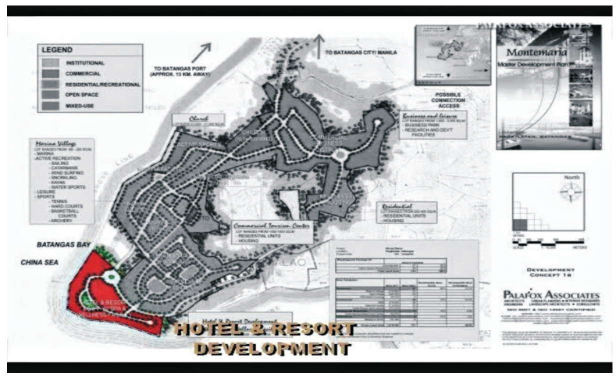
MARINE LIFE AT VERDE ISLAND PASSAGE

On a quiet spot of Matuco Point, a pilgrimage site will be built, featuring a 100-meter high statue of Mary Mother of the Poor, as well as a retreat house, meditation gardens, condotels and other facilities.

PRIDE is in joint venture with Solar Resources, Inc. for the Punta Verde project. PRIDE is developing the rest of property area into The Cloisters and Sanctuary projects, with condotels and recreation facilities adjacent to the Montemaria shrine. Even as construction is in full swing, pilgrims have continued to come in droves.



ARCHITECTURAL CONCEPT OF MONTEMARIA



AERIAL PHOTOGRAPH OF MATUCO POINT

PROPOSED DEVELOPMENT LAYOUT

Alpa Hotel and Batangan Plaza Condotel

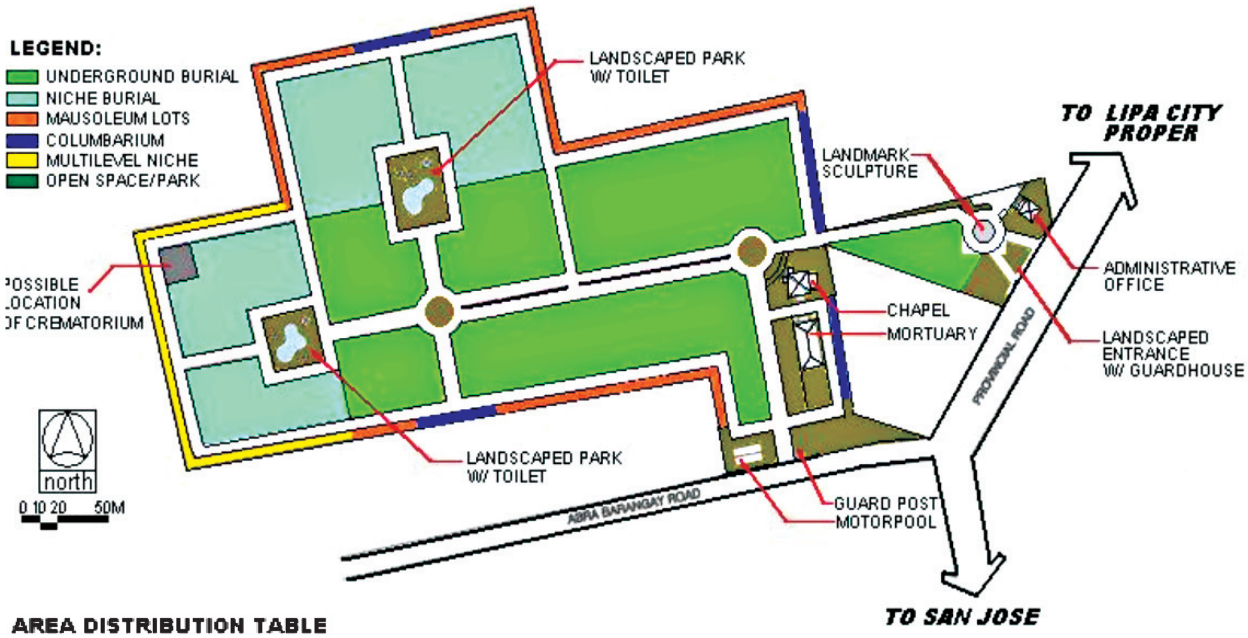
ABACUS Global Technovisions, Inc., in which ABACUS has a 9.64% stake, also recently acquired two hotel buildings in Batangas City, the Alpa Hotel and the Batangan Plaza. Alpa Hotel is a budget 40-room hotel located adjacent to the Provincial Capitol. It has a fine dining restaurant, conference rooms and function rooms, and a swimming pool and poolside lounge. Batangan Plaza, just 5 minutes drive from Alpa Hotel, has 36 spacious rooms, a dining hall and a large conference/reception room that can accommodate up to 750 persons. Alpa and Batangan have been, for many years, preferred venues for civic conventions, wedding receptions and graduation balls.

ALPA HOTEL

BATANGAN PLAZA

Haven of Infinity Memorial Garden

The Haven of Infinity Memorial Garden, straddling Lipa City and the town of San Jose, Batangas, will be built on prime property covering an area of approximately over 78,364 square meters, directly accessible through the national highway. ABACUS plans to construct a chapel, crematorium, mortuary and columbarium amid spacious parks and gardens. This project is expected to attract buyers from Lipa City, San Jose and other nearby towns in Batangas, especially in view of the rising demand for decent memorial parks. ABACUS has secured the approval of local governments and is in the process of completing environmental requirements.



AREA DISTRIBUTION TABLE

	Area (has.)	%
Project Total Area	7.34	
Saleable Area	4.72	64%
Above Ground Interment Under Ground Interment	2.05 2.69	
Non-Saleable Area (Road, Parking, Parks and Open Space)	2.62	36 %

NOTES:
1. THE AREAS ARE BASED ON TCTS PROVIDED BY THE CLIENT AND ARE SUBJECT TO DETAILED SURVEYS
2. MINIMAL SETBACK REQUIREMENTS WERE USED FOR THIS INITIAL CONCEPT AND ARE SUBJECT TO VERIFICATION FROM LOCAL AND NATIONAL GOVERNMENT AGENCIES UPON IMPLEMENTATION

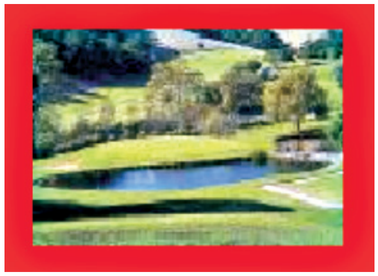
HAVEN OF INFINITY MEMORIAL GARDEN

FIGURE 1 - INITIAL CONCEPT

MOHRI & P.A. ASSOCIATES INC. CONSULTANTS

AEDG

Lipa Golf Station

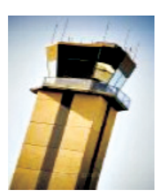
The Lipa Golf Station project in Inosloban, Lipa City, aims to provide a high end residential, commercial and tourism accommodation facilities and amenities to foreign and domestic golf enthusiasts and travelers who frequent the neighboring world-class golf clubs - Summit Point and Malarayat. The project involves the development of 115,193 square meters of prime land into a condotel, resort and spa complex. The condotel units will be offered for sale or lease on a time-sharing basis. Investors will also enjoy the privilege of owning playing rights in most golf clubs in various locations in Batangas.

Sta. Rita Homes

Sta. Rita Homes in Batangas City is envisioned to provide affordable housing in coordination with PAG-IBIG Fund to government employees, particularly those working in the Philippine National Police, Department of Education and the Province of Batangas. The project's first phase involves site development, including construction of roadways, installation of power and water supply system and drainage system. The second phase involves the construction of 147 row house units, each with a floor area of 60.00 square meters. There will two bedrooms, a kitchen, a dining room, a living room, a toilet and bath, individual water and electric meters, and septic vaults for each unit. All standards set by the Housing and Land Use Regulatory Board (HLURB) shall be followed.

Pride Airpark

ABACUS has entered very recently into fruitful negotiations for the development of the property at Quilib, Rosario, Barangas into an airpark and site of flying schools. As an airpark, the property will function as a repairing stop



for planes. As for flying schools, the project will involve relocation of existing flying schools to the site, which will offer a runway measuring 1,000 meters in length and sixty meters in width, with twenty meters on each side as hangars. The entire complex will house a control tower, a clubhouse and terminal. As an added feature, the airpark will also function as a private airport.

Aquaculture Project

Malinis, Lemery, Batangas is the site of a 36-hectare property that borders Balayan Bay. ABACUS has opened the site to fishponds but plans to develop the large property through commercial aquaculture with fishponds, prawn farming and seaweed production. Balayan Bay itself is a well-known fishing ground. The property is best accessed through Tagaytay.

Retirement Village-Resort

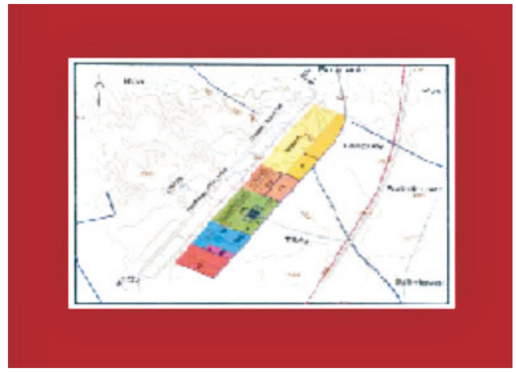
With the influx of sun-loving Japanese and Korean retirees, and the growing number of Filipino retirees, ABACUS seeks to build a retirement village and resort in its 41-hectare property in Mataas na Bayan, also in Lemery, facing Balayan Bay. The secured village-resort will feature spacious single-detached homes for retirees and such amenities as parks and gardens, a clubhouse, a sports club, a dance hall and shops.

The resort complex will rise adjacent to the retirement village, capitalizing on its seaside location and the abundance of hot water springs within the same property. Such facilities as a marina, restaurants, pools, spas, a gymnasium, shops, and picnic and fishing grounds are sure to draw tourists and retirees to the resort.

CALABARZON International Airport

Plans remain for the development of a 28-hectare property in San Salvador, Lipa City as a township, with part of the property also eyed for the expansion of Fernando Air Base, for joint civilian-military use, to be known as CALABARZON International Airport. This airport will serve as subsidiary airport in Southern Luzon to Ninoy Aquino International Airport in Manila.

Existing Runway at Fernando Airbase



Ultimate Plan of Airport/Airbase Development

Lease of Gaming Equipment

ABACUS has an 18.23% stake in Pacific Online Systems Corporation (POSC), lessor of online betting equipment for ten years for lotto and other operations of the Philippine Charity Sweepstakes Office (PCSO) in the Visayas and in Mindanao. POSC was listed in the Philippine Stock Exchange on April 12, 2007. Income from the lease generated P24 million for ABACUS in 2008.

Key Stats & Ratios

	Q1 (March '09)	Annual (2008)	Annual (TTM)
Net profit margin	25.72%	17.22%	18.02%
Operating margin	37.27%	31.01%	34.00%
EBITD margin	-	49.20%	45.66%
Return on Average Assets	32.94%	18.39%	19.12%
Return on Average Equity	63.78%	34.94%	36.31%

	2008	2007
Gross Income	P809.6 million	P513.2 million
Net Income	P139.0 million	P134.6 million

POSC has acquired another gaming entity, Lucky Circle, which sells a lucrative game called *Scratch It,* with average daily sales in April 2009 alone amounting to P19.47 million. Lucky Circle had a gross income of P92 million in 2008. Recently, Lucky Circle won the right to set up gaming stalls in all SM Department Store outlets nationwide, under an agreement with SM, Incorporated, one of the country's largest corporations. POSC's biggest sellers in the Visayas-Mindanao region are in order, Suertres, Superlotto and Megalotto.

POSC has 1,722 terminals as of April 2009.

LOTTERY MACHINE

LOTTO TICKET

Gold Mining

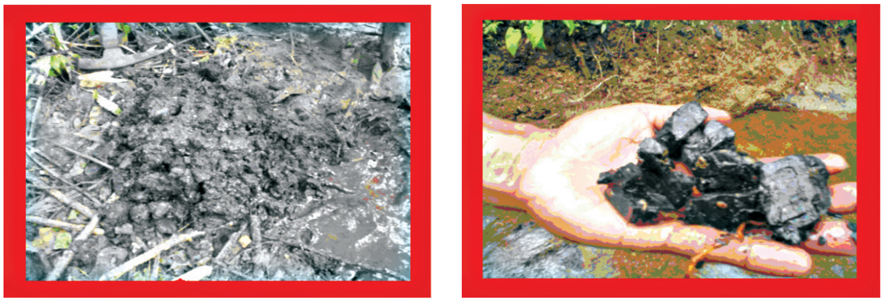
ABACUS holds 102 gold mining claims in 8,100 hectares of land in San Francisco and Rosario, Agusan del Sur, which are covered by Exploration Permit Application No. 000028-XIII. With the cancellation of its Mines Operating Agreement with PHSAMED Mining Corporation, ABACUS is once again at liberty to negotiate operation of its gold mines. ABACUS will have its claims and rights appraised upon approval of the Exploration Permit by the Department of the Environment and Natural Resources. Once approved, the gold mining rights will be spun off into ABACUS Goldmines Exploration and Development Corporation, a fully-owned subsidiary. Meanwhile, we have begun discussions anew with various investing groups interested in participating in gold mining.

GOLD EXPLORATION

Coal Mining

ABACUS holds Coal Operating Contract No. 148 with the Department of Energy covering Coal Block Nos. L38-84 to –89 and L38-249, located in Tago and Marihatag, Surigao del Sur, containing coal that are generally of the sub-bituminous type. Although production in Block No. L38-85 yielded 3,024 metric tons up to 1990, the Company has decided to proceed with full-scale exploration over the seven (7) coal blocks with a view to verifying the true potential of the mining properties over 7,000 hectares of land.

Last September 2008, ABACUS Coal Exploration & Development Corporation signed an initial Heads of Agreement with, among others, Lodestar Investment Holdings Corporation, a listed company. The agreement includes operation of the coalmine and a stock swap covering mining. The transaction generated close to P300 million in income, which will be recorded as revenue for 2009.



COAL EXPLORATION

Financial Services

ABACUS owns a 96.4% controlling interest in Philippine Regional Investment Development Corporation (PRIDE). Incorporated in 1979, PRIDE is a duly-licensed investment house and is a member of the Investment House Association of the Philippines. PRIDE is mostly engaged in arranging project packaging and financing for a variety of real estate, logistics and infrastructure projects. Through the years, PRIDE has been instrumental in linking investors, both domestic and foreign, together.

Pride Star Development Bank

PRIDE has two financial services subsidiaries, namely, Philippine International Infrastructure Fund, a newly-established mutual fund, and Rural Bank of Batangas, a 52-year old bank, which has been converted into a development bank and renamed Pride Star Development Bank. Pride Star has an authorized capital stock of P100 million, fully subscribed, of which P52 million is paid up. PRIDE has opened up the Bank to new stockholders of up to 60% of its stock. This strategic move would capitalize on the new status of the Bank, thereby allowing it to focus on small and medium-sized enterprises.

Philippine International Infrastructure Fund

PRIDE is venturing into the mutual fund business by pouring in P50 million into the Philippine International Infrastructure Fund (PIIF). PIIF has a total authorized capital stock of P200 million, of which P50 million is fully paid up. PRIDE will be applying to register P200 million worth of PIIF shares under the Investment Company Act. PIIF will invest mostly in securities of corporations undergoing privatization with particular emphasis on corporations engaged in infrastructure development. PRIDE eagerly awaits approval of its registration with the Securities and Exchange Commission.

Joint Venture with Solar Resources, Inc.

At the forefront of PRIDE's projects this year is the development of Punta Verde, The Cloisters and Sanctuary over a total of 120 hectares in Pagkilatan and Matuco, Batangas City, which offers a magnificent view of Verde Island Passage. PRIDE is in joint venture with Solar Resources, Inc. for the Punta Verde project. PRIDE is developing the rest of property area into The Cloisters and Sanctuary projects consisting in condotels with pilgrimage and recreation facilities adjacent to the Montemaria shrine. Even as construction is in full swing, pilgrims have continued to come in droves.

OTHER PENDING PROJECTS

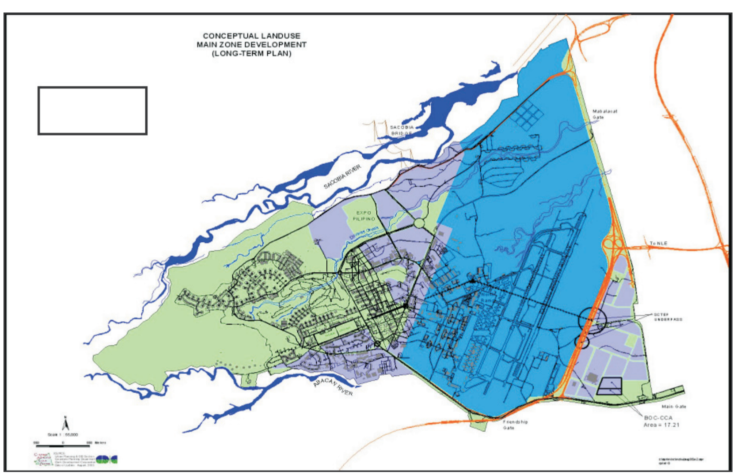
Tank Farm & Free Trade Zone

The deep-water port of Batangas has been selected by the Philippine government as the alternate to the congested port of Manila. Recently, the government has upgraded port facilities in Batangas to allow the port to receive a greater volume of ships. PRIDE sought to take advantage of the government's new thrust by developing 260 hectares in Simlong, Batangas City into a petroleum fuel tank farm. This is congruent with high regional and domestic demand for alternative fuel storage facilities.

The Free Trade Zone project will include (a) four strategically placed jetties; (b) storage tanks for finished petroleum products; (c) a control building to serve both crew and management; and (d) port handling facilities and warehouse facilities.

PRIDE's role will consist in the consolidation of land to be invested in the project, services leading to the designation of the area as an international free trade zone, with the corresponding tax and fiscal privileges and incentives, and liaison work with national, regional and local government bodies and organizations.

Diosdado Macapagal International Airport (Clark)



The government designated Diosdado Macapagal International Airport (DMIA) at Clark, as the aerial gateway to the Philippines, with the increasing congestion at Ninoy Aquino International Airport (NAIA). Clark International Airport Corporation (CIAC), which operates DMIA, opened up development of the airport in phases. PRIDE has actively participated in negotiations with DMIA the past year, for the development of Phase IA under a Build-Lease-Transfer scheme. Phase IA includes construction of Terminal 2, parallel and connecting taxiways, runway extension, freight terminal, logistics area and apron. PRIDE has also offered to build resorts, casinos, parking spaces, convention centers and duty-free shops in adjoining areas. PRIDE's proposal is pending acceptance by the Board of Directors of CIAC.

PRIDE is now engaged in close talks and works in close collaboration with the Al-Kharafi Group and the Al-Mal Group in Kuwait for the DMIA project.

Airport Facilities at Diosdado Macapagal International Airport

Philippine Postal Corporation

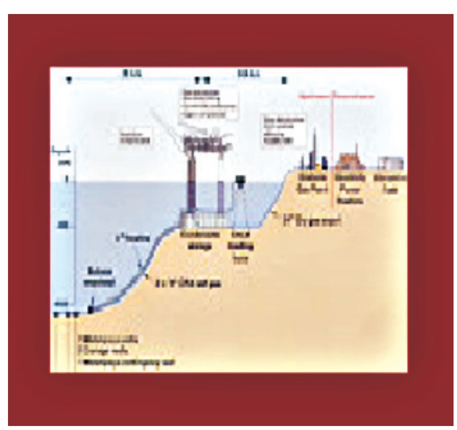
PRIDE has sought to package Philippine Postal Corporation (Philpost), a government corporation that was opened to privatization in 1992, as an investment prospect for foreign investors. Among the services Philpost offers, aside from the usual mailing services, are postal banking, foreign currency remittance and electronic mail services. PRIDE has sought to open up Philpost to more sophisticated forms of telecommunications such as internet and Voice Over Internet Protocol.

Click Communications, Inc.

PRIDE has taken the lead role in obtaining financing and securing a strategic partner for Click Communications, Inc. (CLICK), a telecommunications company that has a franchise and a certificate of public convenience and public necessity to install, establish and maintain domestic and international Voice Over Internet Protocol (VOIP) data and related services based on internet protocol and platform.

Natural Gas Infrastructure

Location of Malampaya Gas Field



Malampaya Field Development Diagram

PRIDE is also participating in project packaging and financing for infrastructure to facilitate extraction of natural gas from Malampaya gas field in Palawan to the Southern Tagalog Region and Manila. This project meshes with the program of the government through the Department of Energy, with Philippine National Oil Company as implementing agency.

The project includes the development of such infrastructures as liquified natural gas facilities, natural gas pipelines and distribution system for power plants, transportation and industries, as well as commercial, and residential markets. PRIDE envisions a pipeline running from Batangas to Manila and traversing portions of Laguna, Cavite and Metro Manila covering 19 cities and municipalities. PRIDE is now in close talks with a Qatari joint venture partner.

Batangas Port

ABACUS, through PRIDE, submitted its proposal to the Philippine Ports Authority for the operation and management of the Port of Batangas, the subsidiary port for Manila. Said proposal includes the development of the port's Phase III into a free trade/industrial zone with container facilities. PRIDE will work in joint venture with the Al-Kharafi group, with investments at P10 billion.

Management's Discussion & Analysis

Plan of Operation

Being a holding company, ABACUS will focus on two main lines of activity, namely, further strengthening existing operating teams to enhance their capability to bring projects to full fruition and generate revenue streams, and laying the groundwork for liquidating investments that have already appreciated due to increases in real estate prices or in cashflow potential and goodwill of operating subsidiaries.

For 2009, three specific targets have been identified. First, by the end of the second quarter, the company expects to start pre-selling units in its Matuco Point project and other real estate developments in Batangas City. Second, the sale of ABACUS Coal Exploration and Development Corporation should be completed by June. Third, the company will complete the spin-off of its gold properties and offer them for sale or joint venture by the third quarter.

The company will be able to provide the cash requirements from its existing cash balances. This will be augmented through the activities of its financial services subsidiaries and through specific projects contributions from existing and prospective operating and development partners.

Results of Operations & Financial Condition

2008

The company posted a gross income of P747.9 million, of which P726 million or roughly 97% was derived from gains on investment property revaluation in Montemaria properties. Other large income items were share in net earnings in POSC (P24.4 million or 3.27%) and interest (P2.8 million or 0.37%). With gross income increase of 11.64% and rise in expenses of 164.52% including provision for deferred income tax on revaluation of property, the company registered a consolidated net income of P532.08 million or 9.57% less than the previous year's figure. The company thus ended the year with a basic earnings per share of P0.3544234 compared to the previous year's P0.266 (adjusted for changes in par value).

2007

The company reported a gross income of P670 million, of which P514 million came from the one-off sale of Pacific Online Systems Corporation (POSC) shares in the April 2007 initial public offering. Other large income items were gains from acquisition (P68.4 million or 10% of the total). Share in net earnings of POSC (P46.1 million or 6.9%), interest (P21.8 million or 3.3%). With gross income increasing 15-fold and expenses increasing only twofold (expenses of acquired companies already included), the company registered a net income of P588 million, which represents an increase over the previous years' figure by a factor of 98. The company thus ended the year with a basic earnings per share of P0.00266 from the previous year's P0.0000068.

2006

Consolidated revenues for the year 2006 reached P45.5 million or 241% more than in 2005, due to a 155% increase in share in net earnings from POSC and additional interest income and commission income from the operations of Philippine Regional Investment Development Corporation (PRIDE). Consolidated net income was P6,251,085 or 50% less than in 2005, due mainly to one-off expenses in the acquisition of PRIDE and the consolidation of the operating expenses of PRIDE. This resulted in a drop of net earnings per share to P0.0000068 from the previous year's P0.00018.

As far as significant subsidiaries are concerned, POSC registered gross revenues of P471,776,615 (up 136% year-on-year) and a net income of P50,466,553 (up 155% year-on-year), while PRIDE registered gross revenues of P2,411,011 (down 65% year-on-year) and a net loss of P3,261,750 for fiscal year 2006 (compared to the previous year's net income of P1,346,355).

Key Performance Indicators[1]

	2008	2007	2006
Gross Income	PhP 747,962,420	PhP 670,231,807	PhP 45,548,833
Net Income	532,087,745	588,385,534	6,142,227
Return on Assets[2]	19.580%	27.2%	0.53%
Current Ratio[3]	3.644	1.15	4.80
Tangible Net Worth[4]	PhP 1,939,748,752	PhP 1,481,143,091	PhP 1,277,277,967

[1] Parent and subsidiaries of ABACUS.

[2] Net income/average total assets.

[3] Current/current liabilities.

[4] Net worth minus intangible assets.

Prospects for 2009

ABACUS remains very optimistic of its performance for the coming year.

Development of Punta Verde is in full swing: as ABACUS correctly predicted, land values in the vicinity have risen significantly. Together with all other properties of ABACUS and its subsidiaries, we anticipate a further appreciation in property appraisal (which is required by the Securities and Exchange Commission every three years) of not less than P1 billion.

Other projects are moving apace. We are very close to clinching with our Kuwaiti joint venture partners the development of Diosdado Macapagal International Airport. Both gold and coal mining operations will enjoy renewed activity, and will account for a sixth of total revenues of ABACUS in 2009. ABACUS' stake in Pacific Online Systems Corporation (POSC) will remain productive by way of dividends, as POSC continues its profitable operations.

ABACUS, together with its valued shareholders can look confidently at the coming year as yet another year of prosperity, expansion and resilience.

ABACUS CONSOLIDATED RESOURCES & HOLDINGS, INC.

FINANCIAL STATEMENTS 2008

ABACUS

Consolidated Resources & Holdings, Inc.

No. 28 N. Domingo St., near corner Gilmore St., New Manila, Quezon City

Tel. Nos. 726-79-06, 725-78-75, 724-50-55; Fax No. 724-3290

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Abacus Consolidated Resources & Holdings, Inc.** is responsible for all information and representations contained in the financial statements for the year (s) ended December 31, 2008 and 2007. The financial statements have been prepared in conformity with generally accepted accounting principles and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the company's audit committee and to its external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the company.

Alba Romeo & Co., the independent auditors and appointed by the stockholders, has examined the financial statements of the company in accordance with generally accepted auditing standards and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to stockholders.

JOSE V. ROMERO, JR.
Chairman of the Board

CLARITA T. ZARRAGA
President

ILUMINADO B. MONTEMAYOR
Treasurer

SUBSCRIBED AND SWORN to before me this MAR 0 2 2009 day of ______________, 2009. Affiant exhibited to me their respective Community Tax Certificates as follows:

NAMES	CTC #	DATE OF ISSUE	PLACE OF ISSUE
JOSE V. ROMERO, JR.	02378342	04-04-2008	Pasig City
CLARITA T. ZARRAGA	00008438	01-20-2009	Quezon City
ILUMINADO B. MONTEMAYOR	18853695	01-09-2009	Batangas City

JOEL G. GORDOLA
NOTARY PUBLIC
Notary Public
UNTIL DECEMBER 31, 2009
PTR NO. 0806362, 1/5/09 Q.C.
IBP NO. 760562/ROLL NO 25[illegible]

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Series of 2009.

BDO
Alba Romeo & Co
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Abacus Consolidated Resources and Holdings, Inc. and Subsidiaries
No. 28 N. Domingo Street,
New Manila, Quezon City

We have audited the accompanying financial statements of **Abacus Consolidated Resources and Holdings, Inc. and Subsidiaries**, which comprise the consolidated balance sheets as of December 31, 2008 and 2007, and the consolidated statements of operations, changes in equity and cash flows for each of the three years in the period ended December 31, 2008 and a summary of significant accounting policies and other explanatory notes. The December 31, 2006 consolidated financial statements of Abacus Consolidated Resources and Holdings, Inc. were audited by other auditors, whose report dated May 18, 2007 expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditor's 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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 financial position of **Abacus Consolidated Resources and Holdings, Inc. and Subsidiaries** as of December 31, 2008 and 2007, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2008 in accordance with Philippine Financial Reporting Standards.

Report on Other Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information shown on Schedules C, D, E, F, G, H and I is presented for purposes of complying with the Securities Regulation Code 68.1 and SEC Memorandum Circular No. 11, series of 2008 and are not part of the basic financial statements. Such 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.

For the Firm: BDO Alba Romeo & Co.

GIDEON A. DE LEON
Partner
CPA Registration No. 23029
PTR No. 1782269 A, January 5, 2009, Cagayan de Oro City
TIN 110-291-260
SEC Accreditation No. 0036-AR-1 (Individual)
SEC Accreditation No. 0007-FR-1 (Firm)
BIR Certificate of Accreditation AN 08-001682-10-2006

Makati City, Philippines
March 2, 2009

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC. and SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2008 and 2007

	Notes	2008	2007
A S S E T S			
Cash and cash equivalents	4	**P48,009,654**	P94,973,507
Due from Bangko Sentral ng Pilipinas (BSP)	5	-	490,660
Trade and other receivables	6	**13,960,760**	4,987,269
Loans receivable, net	7	-	56,278,376
Inventories		-	98,665
Non-current assets held for sale	8	-	1,606,019
Advances to related parties	15	**109,798,635**	436,858
Investments in associates	9	**552,672,354**	480,550,604
Goodwill	10	**252,559,554**	355,700,166
Investment property	11	**1,719,570,370**	1,111,138,948
Property and equipment, net	12	**1,131,551**	218,439,493
Construction-in-progress	13	**11,714,502**	-
Deferred exploration costs	14	**7,113,532**	431,660
Deferred tax assets	22	-	19,701,155
Other assets		**977,355**	2,764,604
TOTAL ASSETS		**P2,717,508,267**	P2,347,597,984
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable and accrued expenses	16	**P22,080,712**	P35,206,684
Advances from related parties	15	**686,492**	16,617,899
Advances from heads of agrement	27	**15,000,000**	-
Advances from joint venture	26	**9,500,000**	-
Deposit liabilities	17	-	53,301,272
Bills payable	19	-	21,170,950
Income tax payable		**16,670**	439,507
Loans payable	18	**41,342,400**	54,721,933
Deferred tax liability	11,22	**436,452,975**	309,042,955
Rental deposit payable		**120,712**	120,712
Total Liabilities		**525,199,961**	490,621,912
Equity			
Share capital	20	**1,704,483,470**	1,601,625,814
Shares held by subsidiaries	20	**(156,718,906)**	(136,269,491)
		1,547,764,564	1,465,356,323
Revaluation surplus	12	-	3,818,501
Retained earnings		**567,239,439**	151,859,603
		2,115,004,003	1,621,034,427
Treasury shares	20	**(5,865,000)**	(5,865,000)
Minority interest	20	**83,169,303**	241,806,645
Total Equity		**2,192,308,306**	1,856,976,072
TOTAL LIABILITIES AND EQUITY		**P2,717,508,267**	P2,347,597,984

See accompanying Notes to Consolidated Financial Statements.

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC.
and SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2008 and 2007
(With Comparative Figures for the Year Ended December 31, 2006)

	Notes	2008	2007	2006
Income				
Share in net earnings of associates	9	**P24,447,102**	P46,128,046	P18,672,625
Gain on sale of associate	9	-	513,528,203	-
Rental income	32	**235,847**	1,938,942	750,524
Excess of net assets of the acquirees over cost of acquisition	10	-	68,414,946	-
Interest income		**2,803,814**	21,863,212	18,366,447
Unrealized foreign exchange gain (loss)		**(6,266,555)**	6,717,110	3,509,088
		21,220,208	658,590,459	41,298,684
Expenses				
Taxes and licenses		**10,389,526**	12,018,336	7,177,713
Management and directors' fees		**7,598,611**	3,006,736	598,690
Professional and other services		**6,140,467**	10,009,556	5,229,234
Compensation and benefits		**4,890,974**	15,095,958	7,498,270
Rent expense		**130,978**	440,864	334,658
Utilities		**1,615,493**	2,846,259	897,913
Representation		**1,200,099**	1,164,213	337,233
Office supplies and publications		**557,771**	1,226,319	302,375
Depreciation	12	**428,737**	362,614	905,351
Transportation		**327,935**	820,018	678,901
Repairs and maintenance		**306,125**	502,076	252,455
Insurance		**34,226**	325,516	252,415
Commission		**-**	643,500	-
Impairment	12	-	2,052,532	-
Miscellaneous		**1,322,683**	5,663,914	8,410,351
		34,943,625	56,178,411	32,875,559
Income (Loss) from Operations		**(13,723,417)**	602,412,048	8,423,125
Other Income (Loss)				
Gain on revaluation	11	**726,078,600**	-	-
Mark-to-market gain (loss)		**57,997**	-	189,073
Loss on disposal of investment property	11	-	(8,130,000)	-
Other income		**605,616**	11,404,037	4,061,076
		726,742,213	3,274,037	4,250,149
Finance Cost				
Interest expense		**1,151,025**	6,217,929	9,002,300
Bank charges		**73,704**	11,149	14,946
		1,224,729	6,229,078	9,017,246
Income before Tax		**711,794,067**	599,457,007	3,656,028
Provision for Income Tax				
Deferred	22	**179,671,595**	10,163,444	(2,791,050)
Current	22	**34,727**	908,029	304,851
		179,706,322	11,071,473	(2,486,199)
Net Income		**P532,087,745**	P588,385,534	P6,142,227
Attributable to:				
Equity holders of the Parent Company		**P531,881,610**	P386,202,930	P1,086,512
Minority interest		**206,135**	202,182,604	5,055,715
		P532,087,745	P588,385,534	P6,142,227
Basic Earnings per Share	23	**P0.354423**	P0.00266	P0.0000068

See accompanying Notes to Consolidated Financial Statements.

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC.
and SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2008 and 2007

(With Comparative Figures for the Year Ended December 31, 2006)

	Notes	2008	2007	2006
Cash Flows from Operating Activities				
Income before tax		**P711,794,067**	P599,457,007	P3,581,408
Adjustments for:				
Gain on revaluation of investment property	11	**(726,078,600)**	-	-
Share in net earnings of an associate	9	**(24,447,102)**	(46,128,046)	(18,672,625)
Excess of net assets of the acquirees over cost of acquisition	10	**-**	(68,414,946)	-
Interest income		**(2,803,814)**	(21,863,212)	(18,502,371)
Finance cost		**1,151,025**	6,217,929	9,002,300
Depreciation	12	**428,737**	362,614	905,351
Gain on disposal of an associate	9	-	(513,528,203)	-
Gain (loss) on disposal of an investment property	11	-	8,130,000	(482,100)
Receivables written off		-	-	20,076
Gain on market recovery		-	-	(2,372)
Operating loss before working capital changes		**(39,955,687)**	(35,766,857)	(24,150,333)
Decrease (increase) in:				
Due from BSP		-	8,820	2,795,200
Trade and other receivables		**(7,537,222)**	20,917,731	-
Advances to related parties	15	**(53,370,878)**	500,167,858	(1,062,917)
Inventories		-	(98,665)	-
Loans receivable		-	15,254,280	(14,012,383)
Other assets		**2,571,480**	(1,524,909)	(306,979)
Increase (decrease) in:		-		
Accounts payable and accrued expenses		**4,113,871**	15,002,814	2,526,527
Advances from joint venture	26	**9,500,000**	-	-
Advances from heads of agreement	27	**15,000,000**	-	-
Deposit liabilities		**-**	8,349,640	-
Bills payable		**-**	(9,358,865)	(696,888)
Cash provided by (used in) operations		**(69,678,436)**	512,951,847	(34,907,773)
Interest received		**2,803,814**	21,863,212	12,298,037
Interest paid		**(1,151,025)**	(6,217,929)	(9,002,300)
Income tax paid		**(439,507)**	(627,334)	(887,113)
Net cash provided by (used in) operating activities		**(68,465,154)**	527,969,796	(32,499,149)
Cash Flows from Investing Activities				
Construction-in-progress	13	**(11,714,502)**	-	-
Acquisition of shares held by subsidiaries	20	**(20,449,415)**	(136,244,234)	-
Additions to investment property	11	-	(100,196,380)	-
Acquisition of an associate	9	-	(474,043,466)	-
Proceeds from disposal of an associate	9	-	584,154,804	-
Receipt of deposit for future stock subscription		-	6,000,000	-
Proceeds from disposal of investment property	11	-	64,350,000	640,000
Acquisition of property and equipment	12	**(274,972)**	(223,105,588)	(303,044)
Net cash provided by (used in) investing activities		**(32,438,889)**	(279,084,864)	336,956
Cash Flows from Financing Activities				
Changes in advances from related parties	15	**11,361,844**	(11,678,411)	7,698,901
Proceeds from loan		-	1,462,846	26,591,542
Cash dividends paid		-	(151,520,529)	(2,000,000)
Net cash provided by (used in) financing activities		**11,361,844**	(161,736,094)	32,290,443
Effect of Changes in Foreign Exchange Rates		**6,266,555**	(6,717,110)	-
Net Increase (Decrease) in Cash and Cash Equivalents		**(89,542,199)**	87,148,838	128,250
Effect of Change in Ownership Structure		**42,578,346**	-	5,658,471
Cash and Cash Equivalents, January 1		**94,973,507**	7,824,669	2,037,948
Cash and Cash Equivalents, December 31		**P48,009,654**	P94,973,507	P7,824,669

See accompanying Notes to Consolidated Financial Statements.

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC.
and SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2008 and 2007

(With Comparative Figures for the Year Ended December 31, 2006)

	Equity Attributable to the Equity Holders of the Parent Company						
	Share Capital (Note 20)	Shares Held by Subsidiaries (Note 20)	Treasury Shares (Note 20)	Revaluation Surplus (Note 12)	Retained Earnings (Deficit) (Note 20)	Minority Interest (Note 20)	Total
Balances at January 1, 2006	P500,000,000	(P25,257)	(P5,865,000)	P-	(P113,625,927)	(P8,872,747)	P371,611,069
Net income for the year	-	-	-	-	1,086,512	5,055,715	6,142,227
Additional subscription	1,101,625,814	-	-	-	-	-	1,101,625,814
Additions with the acquisition of PRIDE	-	-	-	-	-	59,160,856	59,160,856
Cash dividends paid	-	-	-	-	(1,092,800)	(907,200)	(2,000,000)
Balances at December 31, 2006	1,601,625,814	(25,257)	(5,865,000)	-	(113,632,215)	54,436,624	1,536,539,966
Net income for the year	-	-	-	-	386,202,930	202,182,604	588,385,534
Additional subscription by subsidiaries	-	(136,244,234)	-	-	-	-	(136,244,234)
Deposit for future stock subscription by minority interest	-	-	-	-	-	6,000,000	6,000,000
Decrease in the investment of parent in a subsidiary	-	-	-	-	(14,978,271)	-	(14,978,271)
Additions with the acquisition of AbaGT's subsidiaries	-	-	-	3,818,501	-	24,974,835	28,793,336
Cash dividends paid	-	-	-	-	(105,732,841)	(45,787,418)	(151,520,259)
Balances at December 31, 2007	1,601,625,814	(136,269,491)	(5,865,000)	3,818,501	151,859,603	241,806,645	1,856,976,072
Net income for the year	-	-	-	-	531,881,610	206,135	532,087,745
Additional subscription	102,857,656	-	-	-	-	-	102,857,656
Additional subscription by subsidiaries	-	(20,449,415)	-	-	-	-	(20,449,415)
Property dividends paid	-	-	-	-	(187,257,100)	-	(187,257,100)
Effect of change in ownership structure	-	-	-	(3,818,501)	70,755,325	(158,843,477)	(91,906,653)
Balances at December 31, 2008	**P1,704,483,470**	**(P156,718,906)**	**(P5,865,000)**	**P-**	**P567,239,439**	**P83,169,303**	**P2,192,308,306**

See accompanying Notes to Consolidated Financial Statements.

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC. and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 1 – Corporate Information and Approval of Financial Statements

Corporate Information

Abacus Consolidated Resources and Holdings, Inc. (the Parent Company), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 5, 1981. Its primary purpose is to purchase, subscribe for, or otherwise acquire, own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or dispose of real and/or personal properties of every kind and description, including shares of stocks, voting trust certificates for shares of capital stocks and other securities, contracts, or obligations of any corporation or association, domestic or foreign, and to pay therefore, in whole or in part, in cash or in property or by exchanging stocks or bonds of other corporation. Its secondary purpose is to engage in the exploration and exploitation of ore and other mineral resources in the Philippines.

As of December 31, 2007, the Parent Company is 72% owned by Blue Stock Development Farms, Inc. (BSDF). In 2008, BSDF disposed part of its investment in the Company's shares and reduced its interest to 41.82%.

The Parent Company's shares are listed and traded in the Philippine Stock Exchange (PSE). The Parent Company's registered address is located at No. 28 N. Domingo Street, New Manila, Quezon City.

The Parent Company holds direct interests in the following subsidiaries:

Name of Subsidiaries	Principal Activities	Effective Percentage of Controlling Interest 2008	2007
Philippine Regional Investment Development Corporation (PRIDE)	Diversified Services	96.40	96.40
Abacus Coal Exploration and Development Corporation (AbaCoal)	Coal Exploration	100.00	100.00
Abacus Goldmines Exploration and Development Corporation (AbaGold)	Gold and Exploration	100.00	-
Hedge Issues Management and Leverage Advisors, Inc. (HIMALA)	Financial Services	-	100.00
Abacus Global Technovisions, Inc. (AbaGT)	Diversified Services	-	66.67

The Parent Company and its subsidiaries (the Group), has principal business interests in real estate, financial services, hotel and amusement and recreation. The Group conducts business in the Philippines with primary operations in Batangas. In 2008, the Parent Company has lost controlling interest in AbaGT and HIMALA and has incorporated Abacus Gold (see Note 15).

Approval of Financial Statements

The consolidated financial statements were approved and authorized for issue by Ms. Clarita T. Zarraga, President of the Parent Company, on March 2, 2009. Ms. Zarraga has been authorized by the Parent Company's Board of Directors (BOD) to approve the consolidated financial statements on its behalf.

Note 2 – Summary of Significant Accounting Policies

Basis of Preparation

Basis of Measurement

The Group's consolidated financial statements have been prepared based on historical cost except for certain property and equipment and investment property which have been measured at revalued amounts and fair values, respectively, and investments in associates which have been measured using the equity method.

Statement of Compliance

The financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs) issued by the Financial Reporting Standards Council (FRSC).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2008 and 2007 and for each of the three years in the period ended December 31, 2008. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies. The consolidated financial statements present the financial performance and financial position of the Parent Company and its subsidiaries as if they form a single entity. Inter-company transactions and balances between companies within the Group are eliminated in full in preparing the consolidated financial statements.

The subsidiaries are entities over which the Parent Company exercises significant control or over which the Parent Company has the power, either directly or indirectly, to govern the financial and operating policies generally accompanying shareholdings of more than 50% of the voting rights. The Parent Company obtains and exercises control through voting rights.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtained control of its subsidiaries, and continue to be consolidated until the date that such control ceases.

All intra-group balances, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intra-company transactions that are recognized in assets are eliminated in full.

At acquisition date, the assets and liabilities of the relevant subsidiaries acquired are measured at their fair values. The interest of minority shareholders is stated at the minority's proportional share to the fair values of the assets and liabilities recognized.

The results of operations of subsidiaries acquired or disposed of during the year are included in the consolidated statements of operations from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

The Parent Company's direct and indirect subsidiaries are as follows:

Name of Subsidiaries	Principal Activities	Effective Percentage of Controlling Interest 2008	2007
Subsidiaries of Abacus Consolidated Resources and Holdings, Inc.:			
AbaGT	Diversified Services		66.67
PRIDE	Diversified Services	96.40	96.40
HIMALA	Financial Services		100.00
AbaCoal	Coal Exploration	100.00	100.00
AbaGold	Gold Exploration	100.00	-
Subsidiaries of AbaGT:			
Alpha Asia Hotels and Resorts, Inc. (Alpha)	Hotel and restaurant	-	66.67
Batangan Foods, Inc. (BFI)	Storage and warehousing	-	66.67
Batangan Plaza, Inc. (BPI)	Real estate	-	66.67
Better Resources, Inc. (BRI)	Storage and warehousing	-	66.67
Simlong Realty Corporation (SRC)	Real estate	-	66.67
Subsidiaries of PRIDE:			
Tagapo Realty Company, Inc. (TRC)	Real estate	96.40	96.40
Omnicor Industrial Estate and Realty Center, Inc. (Omnicor)	Real estate	96.40	96.40
Countrywide Transcapital Zone Holdings, Inc. (CTZ)	Holdings	57.84	57.84
Rural Bank of Batangas, Inc. (RBBI)	Banking		52.63
Philippine International Infrastructure Fund, Inc. (PIIFI)	Investment house	100.00	-
Total Mall Philippines, Inc. (Total)	Wholesaler/retailer	96.40	96.40
Subsidiaries of TRC:			
Ala-eh Knit, Inc. (Ala-eh)	Real estate	63.62	63.62
Assurance Realty Corporation (Assurance)	Real estate	96.40	96.40
Countrywide Leverage Holdings Corporation (CLHC)	Holdings	96.40	96.40
In-town Wholesale Marketing, Inc. (In-town)	Wholesaler/retailer	96.40	96.40
System Organization, Inc. (System)	Real estate	96.40	96.40
Subsidiaries of Omnicor:			
Montemayor Aggregates and Mining Corporation (MAMCor)	Mining and Exploration	96.40	96.40
Adroit Realty Corporation	Real estate	96.40	96.40
Allegiance Realty Corporation	Real estate	96.40	96.40
Asean Publishers, Inc.	Publisher	96.40	96.40
Export Affiliates for Service and Trade, Inc.	Importer/exporter	96.40	96.40
Fair Field Realty Estate Company, Inc.	Real estate	96.40	96.40
Geyser, Incorporated	Real estate	96.40	96.40
Logic Realty Corporation	Real estate	96.40	96.40
Sanctuary Transcendental Havens, Inc.	Membership Club	89.00	-
Three Fold Realty Corporation	Real estate	96.40	96.40
Subsidiaries of MAMCor:			
Asean Traders and Exporters, Inc.	Importer/exporter	96.40	96.40
Batangas Stock Development Farms, Inc.	Real estate	96.40	96.40
Channel Minerals & Exploration & Development Corporation	Mining and Exploration	96.40	96.40

A brief summary of the direct subsidiaries' nature of business and operations are as follows:

PRIDE

PRIDE is a domestic corporation registered with the SEC on September 26, 1979 as Manila Equities Corporation. It served as a stock brokerage firm for the first four years until the SEC granted PRIDE on March 2, 1983 a license to operate as an investment house. The license was confirmed by the then Central Bank of the Philippines, which is now known as Bangko Sentral ng Pilipinas (BSP). On July 26, 1995, it changed its name to Philippine Regional Investment Development Corporation. Presently, the Group has no quasi-banking license.

PRIDE is an institution by and through which comprehensive financial products and service lines shall be offered and provided to clients, either through its own operations or through affiliations, conformably with the provisions of existing laws. It holds investments in subsidiaries with industries ranging from holdings to real estate. Its registered address is located at No. 28 N. Domingo Street, New Manila, Quezon City.

In 2008, the SEC approved the increase in RBBI's authorized share capital from P10,000,000 to P100,000,000 or from 100,000 shares to 1,000,000 shares at P10 par value per share. PRIDE has only subscribed to 40% of the total capital of RBBI and consequently, lost its controlling interest in RBBI.

AbaGT

AbaGT, formerly known as Abacus Gaming Technologies, Inc., is a domestic corporation registered with the SEC on June 21, 1993. AbaGT was established originally to own, lease or otherwise acquire sophisticated communications equipment to carry on a general gaming and amusement business. However, on February 14, 2008, the Company amended its Articles of Incorporation to change its primary purpose to own, buy, sell, lease, exchange, manage, deal, survey, subdivide, plot, improve, develop, erect, construct and maintain houses, buildings, structures for retention, sale, lease or exchange and to engage generally in the real estate business and such activities that are incident thereto. Its registered address is located at No. 28 N. Domingo St. New Manila, Quezon City.

On June 6, 2007, the Company's BOD decided to sell 13,333,333 AbaGT shares at its carrying of P13,333,333 to BSDF.

On November 22, 2007, the BOD of AbaGT declared cash dividends worth P459 million to all shareholders of record as of November 22, 2007, which AbaGT distributed also in November 2007. The Parent Company recognized P306 million dividends from AbaGT as income in 2007.

On January 24, 2008, the Parent Company's shares in AbaGT amounting to P199,470,100 were declared by the BOD as property dividends to shareholders of record as of March 11, 2008, the majority being BSDF, reducing the Company's ownership in AbaGT from 66.67% to 9.64%.

In 2007 the investment in AbaGT was accounted for as investment in subsidiary, which as of December 31, 2008, is accounted as investment in associate due to the significant decrease in the Parent Company's shareholdings thereby resulting to the loss of control over AbaGT.

HIMALA

HIMALA was incorporated and registered with the SEC on April 30, 1978, to engage as a dealer/underwriter in shares of stock and the like. In 1991, it ceased operations. Its non-operating transactions are coursed through the Parent Company. A 100% allowance for possible impairment was made against the investment in HIMALA.

On July 4, 2008, the Parent Company sold all of its investment in HIMALA to BSDF from which it recognized a P1 gain.

AbaCoal

AbaCoal is a domestic corporation registered with the SEC on November 9, 2007. Its primary purpose is to engage in the exploration, exploitation, operation, production and development of coal and its derivative products in the Philippines. Its registered office address is located at No. 28 N. Domingo Street, New Manila, Quezon City.

On September 23, 2008, the Parent Company transferred its existing Coal Operating Contract No. 148 with the Department of Energy to AbaCoal in exchange for shares amounting to P3,047,512.

AbaGold

AbaGold is a domestic corporation registered with the SEC on April 28, 2008. Its primary purpose is to engage in the exploration, exploitation, operation, production and development of gold and its derivative products in the Philippines. Its registered office address is located at No. 28 N. Domingo Street, New Manila, Quezon City.

Accounting for Business Combination

PFRS 3 provides that if the initial accounting for business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of business combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows:

1. the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognize from that date;
2. goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted;
3. comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting had been completed from the acquisition date.

There were no mergers and acquisitions during the year.

Minority Interest

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Parent Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed on any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meet the definition of a financial liability. Minority interests are presented in the consolidated balance sheets within equity, separately from equity attributable to the equity shareholders of the Parent Company. Minority interests in the results of the Group are presented on the face of the consolidated statement of operations as an allocation of the net income for the year between minority interests and the equity shareholders of the Parent Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered in full.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Functional and Presentation Currency

The financial statements are prepared in Philippine peso, which is also the Group's functional currency.

New Standard, Revisions, Interpretations and Amendments to Existing Standards

The accounting policies adopted in the preparation of the Group's financial statements have been consistently applied in all years presented unless otherwise stated.

Amendment and Interpretations Effective in 2008

The Company adopted the following relevant amendment and interpretations to existing standards, which are effective for annual periods beginning on or after January 1, 2008.

- PAS 39 and PFRS 7 (Amendment), *Reclassification of Financial Assets* (effective July 1, 2008)

  This amendment to the standards permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair-value-through-profit-or-loss category (FVTPL) in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial assets had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. In the event of reclassification, additional disclosures are required under PFRS 7. This amendment to the standards does not have any impact on the Group's financial statements as the Group does not have such financial assets.

- Philippine Interpretation IFRIC 11, PFRS 2 – Group and Treasury Share Transactions (effective for the accounting period January 1, 2008)

  This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by the entity even if (a) the entity chooses or is required to buy those equity instruments (e.g. treasury shares) from another party, or (b) the shareholders of the entity provide the equity instruments needed. It also provides guidance on how subsidiaries, in their separate financial statements, account for such schemes when their employees receive rights to the equity instrument of the parent. This interpretation does not have any impact on the Group's financial statements as the Group has no stock option plan.

- Philippine Interpretation IFRIC 14, *The Limit on a Deferred Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for annual periods beginning on or after January 1, 2008)

  This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under PAS 19, *Employee Benefits.* This interpretation is not applicable to the Company since it has no employee.

Future Standard, Revisions, Amendments and Interpretations

The Group opted not to early adopt the following relevant accounting standard, revisions, amendments and interpretations to existing standards which are effective for periods subsequent to 2008:

- PFRS 8, *Operating Segments* (Effective January 1, 2009)

  The standard requires a management approach to reporting segment information. PFRS 8 will replace PAS 14, *Segment Reporting*, and is required to be adopted only by entities whose debt or equity instruments are publicly traded, or are in the process of filing with the Philippine SEC for purposes of issuing any class of instruments in a public market. The Group is assessing the impact of this Standard to its current manner of reporting segment information.

- Revised PAS 1, *Presentation of Financial Statements* (Effective January 1, 2009)

  The amendment requires an entity to present all items of income and expense recognized in the period in a single statement of comprehensive income or in two statements - a separate income statement and a statement of comprehensive income. The statement of comprehensive income shall present profit or loss for the period, plus each component of income and expense not recognized in the statement of profit or loss (such as gains and losses on available-for-sale investments and translation differences) but excluding all changes in equity arising from transactions with owners (such as dividends and capital increases). The Group is currently assessing the impact of the amendment on its current manner of reporting all items of income and expenses.

- Revised PFRS 3, *Business Combination* (Effective July 1, 2009)

  The amendment of PFRS 3 requires results to changes in the recognition and measurement of acquisition costs and contingent consideration for an acquisition. It also provides guidelines on partial acquisitions, step acquisitions, and transactions with non-controlling interests.

- PAS 23 (Amendment), *Borrowing Cost* (Effective January 1, 2009)

  The main change from the previous version is the removal of the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.

- PAS 27 (Amendment), Consolidated and Separate Financial Statements (Effective July 1, 2009)

  Amendments to PAS 27 include guidance on the partial disposal of subsidiaries, partial disposal of associates and joint ventures, and attribution of income to the non-controlling interest. With the new standard, if an investor loses significant influence over an associate, it derecognizes that associate and recognizes in profit or loss the difference between the sum of the proceeds received and any retained interest, and the carrying amount of the investment in the associate at the date significant influence is lost. Similar treatment applies when an investor loses joint control over a jointly controlled entity.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate* (Effective January 1, 2012)

  The interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue. The interpretation also provides guidance on when revenue from the construction should be recognized.

- Philippine Interpretation IFRIC 17, *Distributions of Non-cash Assets to Owners* (Effective January 1, 2009)

  The interpretation made the following clarifications on the distribution of non-cash assets to owners:

  a) A dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity.
  b) An entity should measure the dividend payable at the fair value of the net assets to be distributed.
  c) An entity should recognize the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.
  d) An entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation

Based on management's initial assessment, except for the revised PFRS 8 and PAS 1, the adoption of the foregoing standard, revisions, amendments and interpretations to existing standards will not have any material impact on the Group's consolidated financial statements.

The following accounting policies have been consistently applied by the Company and are consistent with those used in previous year:

Financial Instruments

Initial Recognition
Financial assets and financial liabilities are recognized in the balance sheets when the Group becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done at trade date, which is the date on which the Group commits to purchase or sell the asset.

Financial instruments are recognized initially at fair value plus transaction costs except for those designated at fair value through profit or loss (FVPL).

Classification of Financial Instruments
The Group classifies its financial assets in the following categories: held-to-maturity (HTM) investments, available-for-sale (AFS) investments, financial assets at FVPL, and loans and receivables. Financial liabilities are classified as financial liabilities at FVPL and other liabilities. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Management determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Determination of Fair Value
The fair value of financial instruments traded in active markets is based on their quoted market price or dealer price quotation (bid price for long positions and ask price for short positions). When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

If the financial instruments are not listed in an active market, the fair value is determined using appropriate valuation techniques, which include recent arm's length market transactions, net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

Financial Assets

- *Cash and Cash Equivalents*

  Cash includes cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and are subject to an insignificant risk of change in value.

- *Financial Assets at FVPL*

  Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition as at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  The Company has no financial asset under this category.

- *HTM Investments*

  HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Company has the positive intention and ability to hold to maturity. After initial measurement, these investments are measured at amortized cost using the effective interest rate method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate. Gains and losses are recognized in the statements of operations when the HTM investments are derecognized or impaired, as well as through the amortization process.

  The Company has no financial asset under this category.

- *Loans and Receivables*

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at cost or amortized cost, less impairment in value. Amortization is determined using the effective interest rate method. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through amortization process. Unearned discount is recognized as income over the life of the loan using the effective interest method.

  The Group's trade and other receivables, advances to related parties and loans receivables are included in this category (see Notes 6, 7 and 15).

Financial Liabilities

- *Financial Liability at FVPL*

  Financial liabilities are classified in this category if these result from trading activities or derivative transactions that are not accounted for as accounting hedges, or when the Company elects to designate a financial liability under this category.

  The Company has no financial liability under this category.

- *Other Financial Liabilities*

  This classification pertains to financial liabilities that are not held for trading or not designated as FVPL upon inception of the liability. Included in this category are liabilities arising from operations or borrowings.

  The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

  The Group's accounts payable and accrued expenses, deposit liabilities, advances from related parties, loans and bills payable and rental deposit payable are classified under this category (see Notes 15, 16, 17, 18 and 19).

Derecognition of Financial Instruments
A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when: a) the rights to receive cash flows from the asset have expired; b) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or c) the Group has transferred its rights to receive cash flows from the asset and has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of operations.

Impairment of Financial Assets

- *Assessment of Impairment*

  The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. It assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

  The determination of impairment losses for financial assets is inherently subjective because it requires material estimates, including the amount and timing of expected recoverable future cash flows. These estimates may change significantly from time to time, depending on available information.

- *Evidence of Impairment*

  Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

- *Impairment of Assets Carried at Amortized Cost*

  If there is objective evidence that an impairment loss has been incurred on an asset carried at amortized cost such as receivables carried at amortized cost, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of loss shall be recognized in the statements of operations.

- *Impairment of Assets Carried at Cost*

  If there is objective evidence that an impairment loss has been incurred on an asset carried at cost such as an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or of a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

- *Reversal of Impairment Loss*

  If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statements of operations, to the extent that the carrying value of the asset does not exceed its cost or amortized cost at the reversal date.

<u>Classification of Financial Instruments Between Debt and Equity</u>
Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest relating to a financial instrument or a component that is a financial liability is reported as an expense.

A financial instrument is classified as debt if it provides for a contractual obligation to: (a) deliver cash or another financial assets to another entity; or (b) exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or (c) satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

<u>Offsetting of Financial Instruments</u>
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheets 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 asset and settle the liability simultaneously. This is not generally the case with master netting agreements, when the related assets and liabilities are presented gross in the balance sheets.

Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method/first-in first-out method. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments in Associates

An associate is an entity over which the Parent Company has significant influence but has no control and which is neither a subsidiary nor a joint venture.

Investment in an associate is accounted for by the equity method of accounting. Under this method, the investment is initially recognized at cost and adjusted thereafter by post-acquisition changes in the Group's share in the net assets of the associate and any impairment losses. The Group's share of its associate's post-acquisition profits or losses is recognized in the consolidated statements of operations. Share in post-acquisition change in the associate's net asset not recognized in the associate's statement of operations is directly recognized in the Parent Company's equity. Dividends received from the associates are deducted from the carrying amount of the investment.

The Group discontinues applying the equity method when their investments in associates are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations to the associate. When the associate subsequently reports net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting date of the associate and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Joint Venture Transactions

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity, which is subject to joint control, and none of the participating parties has unilateral control over the economic activity.

Assets that the Group controls and liabilities that it incurs in relation to jointly controlled operations are recognized in the Group's consolidated balance sheets on an accrual basis and classified according to the nature of the item. The Group's share of income that it earns from jointly controlled operations, together with the expenses that it incurs, are included in the Group's consolidated statements of operations when it is probable that economic benefits associated with the transaction will flow to/from the Group.

Business Combination and Goodwill

Business acquisitions are accounted for using the purchase method of accounting. The cost of acquisition is measured as the fair value of the asset given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any minority interest.

Goodwill acquired in business combination is initially measured at cost as the excess of cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Negative goodwill, which is the excess of the Group's interest in the net fair value of acquired identifiable assets, liabilities and contingent liabilities over cost, is charged directly to income.

Transfers of assets between commonly controlled entities are accounted for under historical cost accounting.

Non-current Assets Held for Sale

The Group classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This is evident once the asset is available for immediate sale in its present condition subject only to usual and customary terms and its sale is highly probable. High probability of a sale transaction to be consummated involves management's commitment to a plan to sell the asset, an active program to locate a buyer, an active marketing program for a selling price that is reasonable to its current fair value, and the sale should be consummated within one year from the date of classification.

The Group's non-current assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell. The Group recognizes impairment loss for any initial or subsequent write-down of the asset to fair value less costs to sell and the Group recognizes a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognized.

Investment Property

Initially, investment property is measured at cost including transaction costs. The cost of investment property comprises its purchase price and any directly attributable expenditure.

Subsequent expenditures are recognized as an asset when the expenditures improve the condition of the asset beyond its originally assessed standard of performance. All other subsequent expenditure is recognized as an expense when incurred.

Subsequent to initial recognition, investment property is stated at fair value, which reflects the market conditions at the financial reporting date. Any gain or loss resulting from either change in the fair value is immediately recognized in the consolidated statement of operations in the year in which it arises.

Investment property is derecognized when it has either been disposed or when they are permanently withdrawn from use and no future benefit is expected from their disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statements of operations in the year of retirement or disposal.

Property and Equipment

<u>If at cost</u>
Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The initial cost of property and equipment is comprised of the purchase price and costs directly attributable to bringing the assets to their intended use.

Subsequent expenditures incurred after the assets have been put into operation are capitalized as additional cost of the assets when the resulting future economic benefit exceeds the originally assessed standard of performance of the asset. All other subsequent expenditures incurred such as repairs and maintenance are recognized in the consolidated statement of operations in the period the costs are incurred.

When assets are sold or retired, their cost, accumulated depreciation and amortization and accumulated impairment losses are eliminated from the accounts and any resulting gain or loss is included in the consolidated statement of operations of such period.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the terms of the lease or estimated useful lives of improvements. The estimated useful lives of the assets and the improvements are as follows:

Building and improvements	- 5 years
Machinery and other equipments	- 3 to 5 years

The useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

If at revalued amount

Following initial recognition at cost, land and buildings and improvements are carried at revalued amounts which are the fair values at the date of the revaluation, as determined by independent appraisers, less any subsequent accumulated depreciation (on buildings and improvements) and accumulated impairment losses. Fair value 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 a knowledgeable willing seller in an arm's length transaction as at the valuation date. Any revaluation surplus is credited to the Revaluation Surplus account included in the Equity section of the consolidated balance sheets. Any revaluation deficit directly offsetting a previous surplus in the same asset is directly offset against Revaluation Surplus. Annually, an amount from the Revaluation Surplus is transferred to Retained Earnings for the depreciation relating to the revaluation surplus. Additionally, accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Revaluations are performed every three years ensuring that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Construction-in-Progress

Construction-in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. CIP is not depreciated until such time as the relevant assets are completed and put into operational use. Assets under construction are transferred to the investment property account or reclassified to a specific category of property and equipment when the construction and other related activities necessary to prepare the properties for their intended use are completed and the properties are available for service.

Deferred Mine Exploration Costs/Mining Claims

Deferred mine exploration costs include deferred exploration costs and other expenses such as mining rights or claims incurred prior to the start of commercial operations, net of incidental income.

Mining rights or claims include all costs incurred in securing a license to a certain area for mining exploration activities.

Deferred mine exploration costs are accumulated separately for each area of interest. These include acquisition costs, direct exploration and development costs and an appropriate portion of related overhead expenditures, and exclude general overhead or administrative expenditures not specifically identified with exploration activities.

Deferred mine exploration costs are carried in the books only if the costs related to an area of interest for which the rights of tenure are current and such are expected to be recouped through successful development and exploration or from sale of the area or exploration and evaluation activities in the area as of balance sheet date have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing. Exploration costs, which do not satisfy the above criteria, are recognized in the consolidated statements of operations.

Revenues earned in connection with the exploration activities in an area of interest prior to the start of commercial operations are offset against the expenditures of such area of interest.

Deferred mine exploration costs will be amortized for each area of interest using the unit of production method upon the start of commercial operations. Upon the start of the said commercial production, deferred mining exploration account shall be transferred to Wells and Platforms under the Property and Equipment account and shall accordingly be depreciated and/or amortized. The unit of production method results in an amortization charge proportional to the depletion of economically recoverable reserves. Economically recoverable reserves represent the estimated quantity of products, which is expected to be profitably extracted, processed and sold under current foreseeable economic conditions.

The carrying value of each producing area of interest is reviewed regularly and, to the extent to which this amount exceeds its recoverable amount (based on the higher of the net present value of estimated future net cash flows and current realizable value), an allowance for impairment will be provided in the year in which it is determined.
When further development expenditures are incurred on producing area of interest, such expenditures are capitalized as part of the costs of such area of interest only when substantial economic benefits are thereby established; otherwise, such expenditures are charged to cost of production.

Impairment of Non-Financial Assets

The carrying amounts of the Group’s non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment or an impairment loss previously recognized no longer exists or may have decreased. If any such indication exists, the Group makes a formal estimate of the asset’s recoverable amount.

The recoverable amount is the higher of an asset’s or its cash generating unit’s fair value less costs to sell and its value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm’s length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Provisions and Contingencies

Provisions are recognized when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognized in the consolidated financial statements but they are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Equity

Share capital is determined using the nominal value of shares that have been issued.

Retained earnings include all current and prior period results as disclosed in the consolidated statements of operations.

Shares held by subsidiaries are recognized at cost. These shares of the Parent Company are owned by the subsidiaries.

Treasury shares are recognized at cost.

Revenue Recognition

Revenue is recognized when the significant risks and rewards of ownership of goods has been transferred to the buyer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group, and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is recognized as the interest accrues on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset’s net carrying amount.

Share in net earnings and losses of associates

The proportionate share in net earnings and losses of the associates is recognized as soon as the basis for the share, which is the audited financial statements of the associates for the current year, becomes available.

Dividend income

Dividend income from investment is recognized when the shareholder’s right to receive payment has been established.

Room revenue

Room revenue is recognized based on established room rates and is billed upon check-out of hotel occupants.

Food and beverage

Food and beverage revenue is recognized when orders are served.

Interest Expense on Deposit Liabilities and Borrowings

Interest expense on deposit liabilities and borrowings is recognized in the consolidated statements of operations when incurred. It is calculated using the effective interest rate (EIR) method and is credited to the depositors' account regularly.

Leases

Group as Lessor

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease receipts are recognized as income in the consolidated statements of operations on straight-line basis over the lease term.

Group as Lessee

Leases where substantially all the risks and benefits of ownership of the asset do not pass on to the lessee are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statements of operations on straight-line basis over the lease term.

Foreign Exchange Transactions

Transactions in foreign currencies are recorded in Philippine peso based on the exchange rates prevailing at the date on which the transaction took place. Foreign currency denominated assets and liabilities of the Group are translated using the prevailing exchange rate as of financial reporting date. Gains or losses arising from these transactions and translation are credited or charged to income for the year.

Income Tax

Current income tax

Current income tax assets and liabilities for the current and the prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are substantively enacted at the financial reporting date.

Deferred income tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits and NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse.

Earnings Per Share (EPS)

Basic EPS is calculated by dividing the net income or loss for the period by the weighted average number of shares outstanding during the period, net of shares held by the subsidiaries, after giving retroactive effect to any stock dividend declared during the year.

Segment Reporting

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

Related Parties

Parties are considered 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.

Individuals, associates or companies that directly or indirectly control or are controlled by or under common control are considered related parties.

Events after Financial Reporting Date

Post-year-end events up to the date of the auditors' report that provide additional information about the Group's position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Note 3 – Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in conformity with PFRS requires the Group's management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements.

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under the circumstances including expectations of related future events, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates, assumptions and judgments are reviewed and evaluated on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Classification of Financial Instruments

The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the guidelines set by PAS 39 on the definitions of a financial asset, a financial liability or equity. In addition, the Group also determines and evaluates its intention and ability to keep the investments until its maturity date.

The substance of a financial instrument, rather than its legal form, and the management intention and ability to hold the financial instrument to maturity generally governs its classification in the consolidated balance sheets.

Estimation of Impairment of Non-Financial Assets

The Group assesses at each balance sheet date whether there is an indication that the carrying amount of all non-financial assets may be impaired or that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

Estimation of Impairment Losses on Loans Receivable

Allowance for probable loan losses, which consists of both specific and general loan loss reserves, represents management's estimate for probable losses inherent in the loan portfolio after consideration of prevailing and anticipated economic conditions, prior loss experience and evaluations made by the Bangko Sentral ng Pilipinas (BSP).

RBBI observes the BSP criteria and guidelines in establishing specific allowance for probable loan losses, which is based largely on the classification of loans, as follows:

Classification	Required Allowance
Loans specially mentioned	5%
Substandard-secured	10%
Substandard-unsecured	25%
Doubtful	50%
Loss	100%

In accordance with BSP Circular No. 313, banks are required to set up a general provision for probable loan losses equivalent to 5% of the outstanding balance of unclassified restructured loans less the outstanding balance of restructured loans which are considered non-risk under existing regulations; and 1% of the outstanding balance of unclassified loans other than restructured loans less loans which are considered non-risk under existing regulations.

The allowance for probable loan losses is established through provision for probable losses charged to current operations. Loans are written off against the allowance for probable losses when management believes collectibility of the principal is unlikely.
Recoverability of specific receivables is evaluated based on the best available facts and circumstances, the length of the Bank's relationship with its debtors, the debtors' payment behavior and known market factors. These specific reserves are re-evaluated and adjusted as additional information received affects the amount estimated to be uncollectible.

The allowance for impairment loss on loans receivable is presented in Note 7.

Recognition/Realization of Deferred Income Tax Assets

The Group reviews deferred income tax assets at each balance sheet date and it recognizes these assets to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

The Group regularly assesses its capacity to utilize these deferred income tax assets and when there is any indication that these assets will not be utilized then the said assets are derecognized. The deferred income tax assets recognized by the Group are presented in Note 22.

Estimation of Useful Lives of Property and Equipment

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The carrying value of property and equipment, net of accumulated depreciation is presented in Note 12.

Note 4 – Cash and Cash Equivalents

The details of this account as of December 31, 2008 and 2007 are as follows:

	2008	2007
Cash on hand	**P66,500**	P1,831,357
Cash in banks	**47,943,154**	93,142,150
	P48,009,654	P94,973,507

The details of the Group's foreign-currency denominated deposits are as follows:

	2008	2007
Cash in bank	**US$3,428**	US$2,301

The peso equivalent are as follows:

Cash in bank	**P162,899**	P94,980

The US dollar-denominated cash in bank was translated at P47.52 and P41.28 to $1 at December 31, 2008 and 2007, respectively.

Cash in banks earns interest based on the banks' daily average deposit rates. Cash in banks includes short-term placements, which earn interest at annual rates of 4.375% to 6.500% in 2008 and 4% to 5.5% in 2007. Cash in bank includes due from other banks of RBBI amounting to P11,809,542 as of December 31, 2007.

Note 5 – Due from BSP

This is composed of local currency deposits of RBBI maintained in the BSP to meet legal reserve requirements. It earns interest based on BSP's daily deposit rate. In 2008, the balance of this account was reduced to zero due to the deconsolidation of RBBI.

Note 6 – Trade and Other Receivables

The details of this account as of December 31, 2008 and 2007 are as follows:

	2008	2007
Trade	**P893,622**	P1,686,199
Advances to officers and employees	**3,411,399**	426,155
Others	**9,655,739**	2,874,915
	P13,960,760	P4,987,269

Advances to officers and employees includes the Group's receivable from officers and employees in relation to their share capital in Sanctuary assumed by the Group.

After careful evaluation by the Group's management, no indication of impairment on the account was noted.

Note 7 – Loans Receivable, net

The account pertains to loans receivable of RBBI. The details are as follows:

	2007
Not yet due:	
Time loans	P28,804,334
Agricultural	21,494,117
Bills discounted	3,815,465
	54,113,916
Past due	10,960,820
Items in litigation	195,000
Total loans	65,269,736
Unearned discounts	(1,216,428)
Allowance for impairment loss	(7,774,932)
	P56,278,376

The details of RBBI's allowance for impairment loss as of December 31, 2007 follow:

	Loans	Other Resources	Total
At January 1, 2007	P9,429,965	P4,967	P9,434,932
Reversal of allowance credited as income	(1,038,158)	-	(1,038,158)
Allowance related to foreclosed properties	(160,742)		(160,742)
Bad debt written off	(461,100)	-	(461,100)
	(1,660,000)	-	(1,660,000)
At December 31, 2007	P7,769,965	P4,967	P 7,774,932

The major classifications of loans as of December 31, 2008 and 2007 are as follows:

a) As to maturity

	2007
Due within 1 year	P51,271,895
Due beyond 1 year	
Medium term (over 1 year to 5 years)	13,261,815
Long term (over 5 years)	736,026
	13,997,841
	P65,269,736

b) As to collateral

	2007
Secured	
Real estate	P59,060,223
Chattel	739,438
Deposit	973,950
	60,773,611
Unsecured	4,496,125
	P65,269,736

Real estate loans are secured by mortgage on real properties and have terms of less than 1 year to 4 years and annual interest rate of 18% in 2007.

Chattel loans are secured by mortgage on motor vehicles and have terms of less than 1 year to 3 years and annual interest rate of 26% in 2007.

Deposit loans (back-to-back loans) are secured by a deed of assignment of the borrower's deposit accounts and have the same terms and annual interest rates with that of the deposit assigned.

Unsecured loans are loans with no collateral but are guaranteed by co-makers who, in the event of default, the loan shall be assumed by the co-maker. These loans have terms of less than 1 year with annual interest rate of 26% in 2007.

c) As to concentration of credit:

	2007	
	Amount	%
Agriculture, hunting and forestry	P44,026,253	67.45
Mining and quarrying	2,820,000	4.32
Real estate, renting and business activities	8,144,236	12.48
Education	1,840,000	2.82
Other community, social and personal service activities	8,439,247	12.93
	P65,269,736	100.00

The BSP considers that concentration of credit exists when total loan exposure to a particular industry or economic sector exceeds 30% of total loan portfolio.

Under BSP Circular No. 351, banks that have no unbooked valuation reserves and capital adjustments are allowed to exclude from non-performing classification those loans classified as loss in the latest BSP examination which are fully covered by allowance for probable losses provided that interest on said loans shall not be accrued.

As of December 31, 2007, the non-performing loans (NPLs) of RBBI are as follows:

	2007
Total NPLs	P11,155,820
Less NPLs classified as loss by the BSP and are fully covered by allowance for probable losses	-
	P11,155,820

Non-performing accounts represent approximately 17% of the loan portfolio at December 31, 2007.

Generally, NPLs refer to loans whose principal and/or interest amortization is unpaid for 30 days or more after due date or after they have become past due in accordance with existing BSP regulations.

For loans collectible in lump sum and in quarterly, semi-annual, or annual installments, the total outstanding balance of such loans shall be considered non-performing when one principal installment or interest amortization is unpaid for 30 days.

In the case of loans that are collectible in monthly installments, the total outstanding balance thereof shall be considered non-performing when three or more principal installments or interest amortizations are in arrears.
Restructured loans which do not meet the requirements to be treated as performing loans shall also be considered as NPLs.

Loans are classified as non-performing in accordance with BSP regulations, or when, in the opinion of management, collection of interest or principal is doubtful. Loans are not reclassified as performing until interest and principal payments are brought current or the loans are restructured in accordance with existing BSP regulations and future payments appear assured.

Loans receivable of RBBI amounting to P21,170,950 as of December 31, 2007 are pledged as collateral to the Land Bank of the Philippines (LBP) to secure loans payable of RBBI under rediscounting privileges (Bills Payable) amounting to P21,170,950 in 2007 (see Note 19).

RBBI earned interest on loans using the following annual EIRs:

	2007
Maturing in:	
One year	20% - 26%
Two to twenty years	18% - 26%

Interest earned on loans amounted to P12,261,535 in 2007.

The balance of this account was reduced to zero in 2008 due to the deconsolidation of RBBI.

Note 8 – Non-current Assets Held for Sale

The details of the account are as follows:

	2007
Beginning balance	P97,019
Transfer from investment property (see Note 11)	1,509,000
Ending balance	P1,606,019

This account pertains to investment property held by RBBI, which consists of various lots. Management believes that these properties could be sold within 12 months to interested/potential buyers have been reclassified to this account.

The fair value of non-current assets held for sale amounts to P5,163,670.

As of December 31, 2008, there is no balance for this account due to the deconsolidation of RBBI.

Note 9 – Investments in Associates

The entities classified as associates are as follows:

		Percentage of Ownership		
		2008		2007
	Principal Activities	**Direct**	**Indirect**	Direct
POSC	Gaming	18.17	0.03	18.23
AbaGT	Real estate	-	3.59	-
RBBI	Banking	-	38.56	-

POSC, AbaGT and RBBI are domestic corporations and involve in gaming, real estate and bank industries, respectively.

The Group accounts for its investment in POSC and AbaGT as an associate although the Group holds less than 20% of the issued share capital, as the Group has the ability to exercise significant influence, due to the Group's voting power, both through its equity holding and its representation in the key decision-making committees. The Group is represented in POSC and AbaGT through the Parent Company which holds three out of nine seats in POSC's BOD and three out of five seats in AbaGT's BOD.

The details of the account balance are as follows:

	2008	2007
POSC, listed in the PSE	**P490,540,511**	P480,550,604
AbaGT, not listed	**43,402,827**	-
RBBI, not listed	**18,729,016**	-
	P552,672,354	P480,550,604

The fair value of POSC's shares as of December 31, 2008 and 2007 is P7.50 and P10.50 per share, respectively.

In 2007, the investment in AbaGT was accounted for as investment in subsidiary, which as of December 31, 2008 is accounted as investment in associate due to the significant decrease in the Parent Company's shareholdings thereby resulting to loss of control over AbaGT (see Note 2).

In 2007, RBBI was accounted as a subsidiary of PRIDE. However, in 2008, PRIDE's investment in RBBI's shares was diluted to 40% due to lesser amount of subscription in RBBI's additional authorized share capital of P90,000,000 from P10,000,000 to P100,000,000 or from 100,000 shares to 1,000,000 shares at P10 par value per share.

The movements in the investments in associates are as follows:

	2008	2007
Acquisition cost:		
Balance, January 1	**P474,043,466**	P-
Reclassification of subsidiaries due to deconsolidation	**63,477,450**	-
Acquisitions during the year	**2,398,654**	474,043,466
Balance, December 31	**539,919,570**	474,043,466
Accumulated equity in net earnings:		
Balance, January 1	**P6,507,138**	P-
Equity in net earnings, net	**24,447,102**	6,507,138
Dividends received	**(18,201,456)**	-
Balance, December 31	**12,883,945**	6,507,138
	P552,803,515	P480,550,604

Before the Parent Company acquired its interest in POSC, AbaGT owned 37% shareholdings in POSC until it disposed all of its shareholdings in 2007 following POSC's Initial Public Offering.

AbaGT earned a net gain of P513,628,203 from the sale of its investment in POSC shown as follows:

	2007
Cash proceeds	P584,154,804
Less carrying value of paid-up investments	(70,526,601)
	P513,628,203

The details of the associate's carrying value prior to the sale are as follows:

	2007 Prior to Sale
At equity:	
Acquisition cost:	
Paid up investment	P90,579,286
Equity in net earnings (losses):	
Beginning balance	(47,011,436)
Share in net earnings for the period (representing three quarters)	39,620,908
Ending balance	(7,390,528)
Advances	(12,662,157)
	P70,526,601

On November 19, 2007, SEC certified the valuation of advances as consideration for the issuance of a total of 8,048,000 POSC's shares with a par value of P1 per share at the subscription price of P124,744,000. AbaGT's subscription, which was included in the amount certified by SEC, amounted to P41,268,866 representing 2,971,568 shares, which is included in the acquisition cost of the investment.

The summary of the Group's share in net earnings in POSC, RBBI and AbaGT are as follows:

	2007	2007
Share in net earnings – POSC	**P25,792,709**	P-
Share in net earnings – RBBI	**229,016**	-
Share in net net losses – AbaGT	**(1,574,623)**	-
Share of AbaGT – POSC	**-**	P39,620,908
Share of the Parent Company - POSC	-	6,507,138
	P24,447,102	P46,128,046

The details of the associates' audited assets, liabilities, revenues and net income as of and for the year ended December 31, 2008 and 2007 are as follows:

	POSC		**AbaGT**		**RBBI**	
	2008	2007	**2008**	2007	**2008**	2007
Assets	**779,829,486**	736,450,787	**418,737,037**	313,644,067	**127,226,689**	94,931,352
Liabilities	**379,621,990**	(340,412,805)	**80,551,660**	18,982,884	**72,274,642**	76,735,289
Revenue	**809,649,925**	513,782,971	**190,284**	554,420,251	**6,417,359**	7,225,282
Net Income (Loss)	**139,422,147**	134,591,769	**(7,935,618)**	548,026,154	**572,539**	1,150,343

POSC is registered with the SEC and is engaged in the development, design and management of online computer systems, terminals and software for the gaming industry. POSC's shares are listed and traded in the PSE. Its registered office address is at the 30th Floor, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

Note 10 – Goodwill

The details of the account as of December 31, 2008 and 2007 are as follows:

	2008	2007
Balance, January 1	**P355,700,166**	P252,559,554
Derecognized as a result of AbaGT's deconsolidation	**(103,140,612)**	-
Acquired through business combination – AbaGT	-	103,140,612
Balance, December 31	**P252,559,554**	P355,700,166

In its regular meetings on June 6 and September 20, 2007, AbaGT's BOD resolved to acquire all the shares of stocks of BPI, Alpha, SRC, BFI and BRI for a total amount not exceeding P100 million.

From the above acquisition of shares of stock, AbaGT recognized in its balance sheet additional (positive) goodwill of P103,140,612 (excess of acquisition cost over net assets of BPI) and recognized in the statement of operations a (negative) goodwill of P68,414,946 (excess of net assets of Alpha, SRC, BFI, BRI over respective acquisition costs).

After careful evaluation of the Group, no indication of impairment on the Group's goodwill account has been noted.

Note 11 – Investment Property

The details of the account as of December 31, 2008 and 2007 are as follows:

	2008	2007
Balance, January 1	**P1,111,138,948**	P1,084,931,568
Net gains from fair value adjustments	**726,078,600**	-
Fair value of investment property of deconsolidated subsidiaries	**(117,647,178)**	-
Additions from the business acquisition of AbaGT	-	100,196,380
Disposal of investment property	-	(72,480,000)
Reclassification to non-current asset held for sale (see Note 8)	-	(1,509,000)
Balance, December 31	**P1,719,570,370**	P1,111,138,948

The total cost and fair value of investment property as of December 31, 2008 and 2007 are as follows:

	2008	2007
Investment property, at cost	**P244,618,573**	P284,824,302
Accumulated net gains from fair value adjustments	**1,474,951,797**	826,314,646
Investment property, at fair value	**P1,719,570,370**	P1,111,138,948

The fair values of the investment property were determined by independent, certified professional firms of appraisers and were arrived at based on sales and listings of comparable properties registered within the immediate vicinity of the properties.

Corresponding deferred income tax liability of P436,452,975 and P309,042,955 as of December 31, 2008 and 2007, respectively, had been recognized on the revaluation increment on investment property and property and equipment (see Notes 12 and 22).

In 2007, CTZ sold its sole investment property for P64,350,000, for which the Group recognized a loss of P8,130,000 shown under Other Income (Loss) in the Group’s consolidated statements of operations.

In 2008, two of the Group’s real estate properties located in Batangas were revalued at P818,540,000 by Cuervo Appraisers, Inc. (CAI), a firm of independent certified professional appraisers. The unrealized gain on revaluation recognized in the consolidated statement of operations amounts to P726,078,600.

The extent to which the fair value of the investment property is based on the valuation by an independent valuer is P1,714,750,370 and P1,106,318,948 as of December 31, 2008 and 2007, respectively.

Rent income from lease of investment property recognized in the consolidated statements of operations amounted to P235,847, P1,938,942 and P750,524 for the years ended December 31, 2008, 2007 and 2006, respectively.

Note 12 – Property and Equipment, net

The details of the account as of December 31, 2008 and 2007 are as follows:

2 0 0 8	**Land**	**Buildings and Improvements**	**Machinery and Other Equipment**	**Total**
Cost				
At January 1	P84,015,541	P187,768,308	P21,905,427	P293,689,276
Additions	-	-	274,972	274,972
Derecognition	-	-	(179,623)	(179,623)
Effect of deconsolidation	(83,722,000)	(180,540,308)	(19,130,745)	(283,393,053)
At December 31	293,541	7,228,000	2,870,031	10,391,572
Accumulated Depreciation/Impairment				
At January 1	-	59,106,559	16,143,224	75,249,783
Provision for the year	-	98,651	330,086	428,737
Effect of deconsolidation	-	(52,228,284)	(14,190,215)	(66,418,499)
At December 31	-	6,976,926	2,283,095	9,260,021
Net Book Value				
At December 31	**P293,541**	**P251,074**	**P586,936**	**P1,131,551**

2 0 0 7	Land	Buildings and Improvements	Machinery and Other Equipment	Total
Cost				
At January 1	P393,541	P8,294,214	P5,268,820	P13,956,575
Additions through business acquisition of AbaGT subsidiaries	83,622,000	179,474,094	16,636,607	279,732,701
At December 31	84,015,541	187,768,308	21,905,427	293,689,276
Accumulated Depreciation/Impairment				
At January 1	-	7,400,721	3,967,317	11,368,038
Depreciation	-	215,497	147,117	362,614
Impairment	-	2,052,532	-	2,052,532
Additions/other adjustments	-	49,437,809	12,175,907	63,881,745
At December 31	-	59,106,559	16,143,224	75,249,783
Net Book Value				
At December 31	P84,015,541	P128,661,749	P5,762,203	P218,439,493

Alpha and BPI's land, building and improvements were last revalued on June 25, 2007 by CAI. Fair value was determined by reference to market-based evidence, the amount for which the assets could be exchanged between a knowledgeable willing buyer and a willing seller in an arm's length transaction as at valuation date.

As of December 31, 2007, the revaluation surplus of the Group's property and equipment amounted to P3,818,501 and impairment loss on a building owned by BPI amounted to P2,052,532 shown under Expenses in the Group's consolidated statements of operations. Had the building and improvements been measured on historical cost basis, their net book value would have been P46,074,890 and P738,613 as of December 31, 2008 and 2007, respectively.

Note 13 – Construction-in-Progress

This account pertains to the cost of the on-going construction of the Group's Cloisters project located in Batangas. Total accumulated costs as of December 31, 2008 amounted to P11,714,502.

Note 14 – Deferred Exploration Costs

This account represents the Group's accumulated intangible costs related to its Coal Operating Contract (COC) and gold mining claims in Surigao del Sur and Agusan del Sur, respectively (see Notes 24 and 25).

The recovery of deferred exploration costs is dependent upon the success of future exploration and development activities and events, the outcome of which cannot be presently determined.

As of December 31, 2008 and 2007, the accumulated costs incurred for the COC and gold mining claims amounted to P7,113,532 and P431,660, respectively.

On September 23, 2008, the Parent Company transferred its COC to AbaCoal in exchange for AbaCoal's 304,751,200 new shares at its par value of P0.01 per share equivalent to P3,047,512.

Note 15 – Related Party Transactions

Related party transactions consists of non-interest bearing advances to and from related parties, for working capital requirements. These advances are due and collectible/payable upon demand.

The details of advances to related parties are as follows:

	Nature of Relationship	2008	2007
AbaGT	**Associate**	**P55,990,899**	P-
BSDF	**Common directorship**	**41,874,402**	-
Click Communications, Inc.	**Common directorship**	**3,557,000**	-
Harborworks International Mgt. Company, Inc. (Harbor)	**Common directorship**	**8,340,050**	-
Quilib Farms, Inc.	**Common directorship**	**33,119**	50,963
Kapuluan Properties, Inc.	**Common directorship**	**2,295**	-
Quilib Cattle Corporation	**Common directorship**	**870**	870
Montemaria	**Common directorship**	**-**	383,525
Miguel Malvar Productions, Inc.	**Common directorship**	**-**	1,500
		P109,798,635	P436,858

The details of the advances from related parties as of December 31, 2008 and 2007 are as follows:

	Nature of Relationship	2008	2007
BSDF	**Common directorship**	**P87,294**	P16,000,000
Mojica Realty Corporation	**Common directorship**	**519,139**	519,138
Candor Realty Corporation	**Common directorship**	**52,904**	52,904
Agri-works Industrial, Inc. (Agriworks)	**Common directorship**	**-**	45,857
Quilib Farms, Inc.	**Common directorship**	**27,155**	-
		P686,492	P16,617,899

The summary of the Group's transactions with related parties in the normal course of business as of December 31, 2008 and 2007 are as follows:

a. Advances granted to related AbaGT, BSDF, Click, Harbor and other related parties amounted to P53,370,878 while collection from advances to related parties amounted to P500,167,858 in 2008 and 2007, respectively;
b. Payments of advances from BSDF, Agriworks and other related parties amounted to P11,361,844 and P11,678,411 in 2008 and 2007, respectively;
c. On January 6, 2007, the Parent Company's BOD decided to sell 13,333,333 AbaGT shares at its carrying amount of P13,333,333 to BSDF;
d. On July 4, 2008, the Parent Company sold all of its investment in HIMALA to BSDF from which it recognized a P1 gain; and

e. The details of the Group's key management compensation recorded under professional and other services and compensation and benefits follows:

	2008	2007
Short-term benefits	**P11,713,735**	P7,646,432
Long-term benefits	**-**	455,532
Total	**P11,713,735**	P8,101,964

In the ordinary course of business, RBBI entered into loan and other transactions with certain directors, officers, stockholders and related interest (DOSRI). Under RBBI's policy, these loans and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risk.

Under the current banking regulations, the total outstanding loans of each DOSRI shall be limited to an amount equivalent to their respective unencumbered deposits and book value of their paid-in capital contribution in RBBI, provided unsecured loans shall not exceed 30% of their respective total loans (Individual Ceiling). As regards the Aggregated Ceiling, the amount of aggregate loans to DOSRI, of which 70% must be secured, should not exceed the Bank's net worth or 15% of the Bank's total loan portfolio, whichever is lower. These limits/ceilings do not apply to loans secured by assets considered as non-risk as defined in the regulations.

As of December 31, 2007, RBBI is in full compliance with the General Banking Act and the BSP in DOSRI loans.

The following table shows information relating to DOSRI loans:

	2007
Total DOSRI loans	P1,270,061
Total outstanding secured DOSRI loans	736,026
Total outstanding unsecured DOSRI loans	534,035
Percent of DOSRI loans to total loans	1.95%
Percent of unsecured DOSRI loans to total loans	0.82%

The Bank does not have any unsecured and non-performing DOSRI loans as of December 31, 2007.

Total DOSRI loans of P1,270,061 as of December 31, 2007, were provided as financial assistance under the Bank's fringe benefit program as approved by the BSP, aiming to meet the housing, transportation, household and personal needs of its officers and employees.

Note 16 – Accounts Payable and Accrued Expenses

The details of the account are as follows:

	2008	2007
Trade	**P11,105,041**	P22,885,575
Accruals	**9,699,694**	10,644,231
Others	**1,275,977**	1,676,878
	P22,080,712	P35,206,684

Trade payables, accruals and other liabilities are payable within one year after the balance sheet date. The significant decrease in the balance of this account is a result of the deconsolidation of AbaGT.

Note 17 – Deposit Liabilities

This account pertains to RBBI's deposit liabilities that are in the form of savings or time deposit.

The following table shows the breakdown of deposit liabilities by maturity dates:

	2007
Due on demand	P10,642,837
Due within 1 year	42,658,435
	P53,301,272

Annual interest rates in deposit liabilities are as follows:

	2007
Regular savings deposit	2% - 4%
Time deposit	7% -18%

Interest expense on deposit liabilities for the year ended December 31, 2007 amounted to P3,710,282.

Under existing BSP regulations, the deposit liabilities of RBBI are subject to zero liquidity reserve and to statutory reserve computed at 6% for demand deposits and 2% for savings and time deposits as of December 31, 2007.
RBBI is in compliance with such regulation as of December 31, 2007.

The statutory reserves as of December 31, 2008 and 2007 are as follows:

	2007
Cash on hand	P799,519
Due from BSP	266,506
	P1,066,025

Note 18 – Loans Payable

The details of the account are as follows:

	2008	2007
CTZ loan	**P41,342,400**	P35,913,600
AbaGT loan	**-**	18,808,333
	P41,342,400	P54,721,933

CTZ Loan
In July 2004, CTZ obtained a 5% convertible loan (the 'loan') with a principal amount of US$870,000 from Agrodynamics Farms (Texas), Inc. (AFI), a company incorporated under the laws of the State of Texas, United States of America (US). The loan is convertible on July 1, 2006 (or on the occurrence of an initial public offering, whichever comes earlier) into the common stock of CTZ with a par value of P1. Other significant terms of the loan are as follows:

a. all payments of principal and interest in respect of the loan shall be made in US dollars;
b. CTZ may prepay in whole or in part the principal amount;
c. any of the following may constitute default:
    i. failure of CTZ to pay the principal, interest or other amount as stated in the loan or any other loans CTZ made;
    ii. failure of CTZ to perform or observe any other term of the loan; and
    iii. any order or judgment against CTZ decreeing its dissolution or split-up.
d. at any time after the conversion date and from time to time thereafter prior to the payment of the loan in full, AFI may convert the outstanding principal amount of the loan into such number of common shares equivalent to the amount designated by AFI and converted into Philippine peso at the US Dollar to Philippine peso exchange rate then in effect. Common shares are pegged at P1 par value; and
e. as soon as possible after the conversion has been effected, the CTZ shall deliver to AFI a certificate or certificates representing the number of common shares issuable by reason of such name or names and such denominations as AFI has specified.

The Company recognized an unrealized foreign exchange loss amounting to P6,287,995 and P7,670,661 in 2008 and 2007, respectively, due to the translation of the existing loan balance and accrued interest to Philippine peso. Interest expense recognized for this loan is P1,106,162 and P1,097,938 in 2008 and 2007, respectively.

As of December 31, 2008 and 2007, the Philippine peso value of the loan amounted to P41,342,400 and P35,913,600, respectively.

AbaGT Loan
AbaGT has a secured loan from the Bank of Commerce amounting to P18,808,333 bearing interest at an annual rate of 14%. AbaGT used the investment property of one of its subsidiaries, Alpha, with a fair value of P45,624,070, as collateral to the loan.

Interest expense on loan payable amounted to P991,906 for the year ended December 31, 2007.

The balance of this loan is not reflected in the Group's 2008 balance sheet due to the deconsolidation of AbaGT.

Note 19 – Bills Payable

Bills payable amounting to P21,170,950 as of December 31, 2007, represents loans rediscounted by RBBI with LBP with annual interest rates of 3.860% to 7.837% in 2007, and has a term of one year. Certain loans receivable amounting to P21,170,950 in 2007, were pledged as collateral to secure this liability (see Note 8).

Interest expense relating to this account amounted to P1,431,716 in 2007 (see Note 7).

Note 20 – Equity

As of December 31, 2008, 2007 and 2006, the details of the Company's share capital are as follows:

	2008	2007	2006
Class A Shares (Including Class B Shares declassified in 2008)			
Authorized:			
Number of Shares			
January 1	**210,000,000,000**	210,000,000,000	35,000,000,000
Additions during the year	**-**	-	175,000,000,000
Effect of declassification	**90,000,000,000**	-	
December 31, at par value of P0.01	**300,000,000,000**	210,000,000,000	210,000,000,000
Change in par value from P0.01 to P1	**÷ 100**		
December 31, at par value of P1	**3,000,000,000**		
Amount:			
January 1	**P2,100,000,000**	P2,100,000,000	P350,000,000
Additions during the year	**-**	-	1,750,000,000
Effect of declassification	**900,000,000**	-	-
December 31	**P3,000,000,000**	P2,100,000,000	P2,100,000,000
Issued:			
Number of Shares			
January 1	**145,162,581,400**	145,162,581,400	35,000,000,000
Effect of declassification	**15,000,000,000**		
Subscriptions for the year	**39,894,020,000**	-	110,162,581,400
Subscriptions receivable	**(29,608,254,400)**	-	-
December 31, at par value of P0.01	**170,448,347,000**	145,162,581,400	145,162,581,400
Change in par value from P0.01 to P1	**÷ 100**		
December 31, at par value of P1	**1,704,483,470**		
Amount:			
January 1	**P1,451,625,814**	P1,451,625,814	P350,000,000
Effect of declassification	**150,000,000**	-	-
Subscriptions for the year	**398,940,200**	-	1,101,625,814
Subscriptions receivable	**(296,082,544)**	-	-
December 31	**P1,704,483,470**	P1,451,625,814	P1,451,625,814
Class B Shares (Declassified in 2008)			
Authorized:			
Number of Shares			
January 1	**90,000,000,000**	90,000,000,000	15,000,000,000
Additions during the year	**-**	-	75,000,000,000
Effect of declassification	**(90,000,000,000)**	-	-
December 31	**-**	90,000,000,000	90,000,000,000

	2008	2007	2006
Amount:			
January 1	**P900,000,000**	P900,000,000	P150,000,000
Additions during the year	**-**	-	750,000,000
Effect of declassification	**(900,000,000)**	-	-
December 31	**P-**	P900,000,000	P900,000,000
Issued:			
Number of Shares			
January 1	**15,000,000,000**	15,000,000,000	15,000,000,000
Effect of declassification	**(15,000,000,000)**	-	-
December 31	**-**	15,000,000,000	15,000,000,000
Amount:			
January 1	**P150,000,000**	P150,000,000	P150,000,000
Effect of declassification	**(150,000,000)**	-	-
December 31	**P-**	P150,000,000	P150,000,000
Treasury Shares at Cost			
January 1 and December 31	**P5,865,000**	P5,865,500	P5,865,500

In 2006, the Company increased its authorized share capital from P500 million divided into 35 billion Class A shares and 15 billion Class B shares, both with par value of P0.01 each, to P3 billion authorized share capital divided into 210 billion Class A shares and 90 billion Class B shares both with par value of P0.01 each. The BOD approved the increase on February 25, 2005 and by the vote of the shareholders owning or representing at least two-thirds of the outstanding share capital on June 20, 2005. The SEC approved the increase on February 20, 2006.

On January 18, 2006, the Company issued 110,162,581,400 shares to BSDF in exchange for the 2,891,872 common shares of PRIDE with a par value of P100 representing 94.4% ownership previously held by BSDF. PRIDE’s certificate of stock was issued in the name of the Company on February 21, 2006 (see Note 6).

On June 6, 2007, the BOD approved the plan for 1:4 stock rights offering of new shares from the Company’s authorized and unissued share capital. On December 3, 2007, the PSE approved the Company’s application to list up to 39,894,020,000 common shares consisting of 36,175,520,225 Class A shares and 3,721,499,775 Class B shares, at a par value of P0.01 per share, to cover its 1:4 stock rights offering to all shareholders as of record date of December 21, 2007 at an offer price of P0.01.

The BOD also approved on January 24, 2008 and by a vote of at least two-thirds of the outstanding share capital on July 10, 2008, the declassification of the Company’s Class A and B shares and change the par value from P0.01 to P1. The declassification of shares and change in par value were approved by the SEC on November 5, 2008.

Up to the declassification of the common shares in November 2008, both types of common shares were identical in all respects, except that class A shares were restricted in ownership to citizens of the Philippines and corporations or associations wherein at least 60% of their capital stock were owned and held by citizens of the Philippines.

The Parent Company has outstanding treasury shares of 586,500,000 shares in 2008 and 2007. Such treasury shares amounting to P5,865,000 as of December 31, 2008 and 2007 restrict the Company from declaring an equivalent amount from the unappropriated retained earnings as dividends.

As of December 31, 2008 and 2007, minority interests consisted of the following:

	2008	2007
PRIDE	**P83,169,302**	P51,418,368
AbaGT	-	190,388,277
	P83,169,302	P241,806,645

In 2007, AbaGT and RBBI declared cash dividends worth P459 million and P6 million respectively. Dividend income recognized by minority interest amounted to P155,720,260.

In 2008, the Parent Company declared its investment in AbaGT as property dividends to its shareholders amounting to P187,257,100, net of the P12,213,000 received by subsidiaries owning the Parent Company's traded shares. The property dividend declared resulted to the reduction of the Group's interest from 66.67% to 9.64% as of December 31, 2008 and 2007, respectively.

Note 21 – Retirement Benefits Cost

The Group is required by Republic Act (R.A.) 7641, Retirement Law, to pay retirement benefits for all employees who have reached the retirement age of 60 and have rendered a minimum continued service of five years. Under R.A. 7641, the retirement pay is equivalent to at least half of the final monthly salary of the employee for every year of service. To cover these future obligations, PRIDE obtained an individual pension plan for each employee from a pre-need insurance company and pays the corresponding premium annually as determined by the pre-need insurance company.

Under PAS 19, "Employee Benefits", the cost of defined retirement benefits, including those mandated under R.A. 7641, should be determined using an accrued benefit actuarial valuation method or a projected unit credit actuarial valuation method.

Retirement benefit cost (insurance premium paid) of PRIDE amounted to and P40,393 in 2007.

Management believes that the effect on the financial statements of the difference between the retirement benefit cost recognized by PRIDE and the retirement benefit cost that could be determined using the projected unit credit actuarial valuation method is not significant.

On the other hand, RBBI has an unfunded, non-contributory, defined benefit plan covering all of its regular officers and employees. The plan provides for optional and normal retirement benefits and death and disability benefits to its members. The normal retirement benefit is equal to two (2) months of the final compensation as of the date of retirement multiplied by years of service.

As of the December 31, 2007 actuarial valuation date, the retirement benefit plan of RBBI was prepared using the projected unit credit method as determined by an independent actuary.

The principal assumptions used in determining retirement benefit obligations for RBBI's retirement benefit plan are shown below:

	2007
Discount rate	6.63%
Expected rate of return	2.00%
Salary increase rate	2.50%

Net retirement benefits cost recognized in RBBI's statement of operations for the year ended December 31, 2007 is as follows:

	2007
Current service cost	P272,501
Interest cost	247,227
Expected return on plan assets	(90,899)
Effect of asset limit	18,424
Net retirement benefit cost	P447,253

The amounts recognized in RBBI's statements of condition as retirement benefit assets at December 31, 2007 are as follows:

	2007
Present value of defined retirement benefit plan	P4,159,357
Fair value of plan assets	5,178,435
Overfunded liability	1,019,078
Unrecognized actuarial losses	69,842
Excess from corridor	(141,732)
Retirement benefit assets	P947,188

Changes in the present value of the defined retirement benefit plan obligation are as follows:

	2007
Defined benefit obligation at the beginning Of the year	P3,646,417
Interest cost	247,227
Current service cost	272,501
Actuarial loss (gain) on obligation	(6,788)
Defined benefit obligation at the end of the year	P4,159,357

Changes in the present value of the defined retirement benefit assets are as follows:

	2007
Fair value of plan assets at the beginning of the year	P4,544,947
Actual contributions	300,000
Actual return on plan assets	333,488
Fair value of plan assets at the end of the year	P5,178,435

RBBI's retirement plan is yet to be registered with the BIR, for deductibility of contributions made by RBBI from taxable income and non-taxability benefits that retiring employees will receive. Retirement contribution amounts to P300,000 for the year ended December 31, 2007.

The details of RBBI's retirement plan assets, which are placed with RBBI itself, as of December 31, 2007 are as follows:

	2007
Savings deposits	P848,752
Time deposits	4,329,683
	P5,178,435

Note 22 – Income Taxes

a.) The provision for (benefit from) income tax consists of:

	2008	2007	2006
Current	**P34,727**	P908,029	P304,851
Deferred	**179,671,595**	10,163,444	(2,791,050)
	P179,706,322	P11,071,473	(P2,486,199)

b.) The deferred tax assets and liabilities in the consolidated balance sheets consist of the following:

	2008		2007	
	Assets	**Liabilities**	Assets	Liabilities
Revaluation increment in investment property	**P-**	**P436,448,626**	P-	P309,042,955
Unrealized foreign exchange gain	**-**	**4,349**	-	-
NOLCO	**-**	**-**	16,836,556	-
MCIT	**-**	**-**	69,536	-
Allowance for impairment loss – loans	**-**	**-**	2,550,713	-
Probable loss on land	**-**	**-**	244,350	-
	P-	**P436,452,975**	P19,701,155	P309,042,955

c.) The consolidated deferred tax liability relative to the revaluation increment in certain property and equipment and investment property amounted to P436,448,626 and P309,042,955 as of December 31, 2008 and 2007, respectively.

d.) The reconciliation between the provision for income tax expense computed at statutory income tax rates and the actual income tax expense (benefit) is shown below:

	2008	2007	2006
Income tax expense at statutory tax rate of 35%	**P249,127,924**	P207,246,945	P1,279,610
Additions (reductions);			
Share in net earnings of associates	**(8,556,486)**	(16,144,816)	(6,535,419)
Gain on sale of investments in associate	-	(179,734,871)	-
Interest income subjected to final tax	**(566,587)**	(651,285)	(94,120)
Unrealized foreign exchange loss (gain)	**2,193,294**	(2,356,829)	(1,228,181)
Unrealized loss (gain) on market recovery	-	(4,641,199)	-
Non-deductible expenses	**635,157**	181,005	14,877
Non-deductible representation expense	**417,747**	398,593	421,829
Non-deductible interest expense	**2,916**	258,669	1,014,393
Other nondeductible expenses	-	262,538	-
Excess of cost over acquisition over the net assets of the acquirees	-	(16,629,195)	-
Changes in unrecognized deferred income tax asset	-	4,854,971	-
Non-deductible retirement	-	1,039,764	-
Derecognized deferred tax liability	**(1,718,826)**	-	-
Unrecognized deferred tax asset on impairment	-	718,386	-
Derecognized deferred tax asset	-	568,333	(329,061)
Unrecognized NOLCO	**10,873,545**	15,979,093	2,967,293
Unrecognized MCIT	**18,831**	97,051	669
Deferred MCIT written off	-	57,198	-
Utilized NOLCO	-	(432,878)	-
Expired MCIT	-	-	1,911
Effect of change in tax rate	**(72,721,193)**	-	-
Actual income tax expense	**P179,706,322**	P11,071,473	(P2,486,199)

e) Effective July 2008, R.A. No. 9504 was approved giving corporate taxpayers an option to claim itemized deduction or optional standard deduction (OSD) equivalent to 40% of gross sales (previously 10% of gross sales). Once the option to claim OSD is made, it shall be irrevocable for the taxable year for which the option was made. In 2008, the Company opted to continue claiming itemized deductions.

By virtue of Republic Act No. 9337, beginning November 1, 2005, the regular income tax rate will be from 32% to 35%; and will be reduced to 30% beginning January 1, 2009. The deferred tax liability as of December 31, 2008 was computed at the new tax rate of 30%, which is expected to apply to the period when the corresponding tax liability is settled.

Note 23 – Earnings per Share (EPS)

The following table presents information necessary to calculate basic earnings per share:

	2008	2007	2006
Net income attributable to equity holders of the Parent Company	**P531,881,610**	P386,202,930	P1,086,512
Weighted average number of common shares outstanding during the year	**1,500,690,776**	145,354,082,400	159,576,081,400
	P0.354423	P0.00266	P0.0000068

The diluted earnings per share for the years ended December 31, 2008, 2007 and 2006 have not been calculated as no dilutive potential ordinary shares existed during those years.

Note 24 – Contingencies

The Parent Company, in the course of its exploration activities in its COC in Tandag, Surigao del Sur (see Note 23) and its mining contract with Phsamed Exploration and Development Corporation (PHSAMED) (see Note 24), is bound to comply with the necessary minimum requirements set by law and the contracts mentioned.

On January 10, 2007, the Department of Energy granted the Parent Company a COC over two parcels of land with estimated total land area of 7,000 hectares in Surigao del Sur. As part of its commitment to explore, develop and utilize the area under the COC, the Parent Company should comply with the following work and financial commitment program:

	Year 1	Year 2	Year 3
Work Commitment:			
1. Geological Investigation			
a. semi-detailed (hectares)	3,500	3,500	7,000
b. detailed (hectares)	700	700	1,400
2. Geological Survey			
a. Boundary (kilometers)	71.35	-	71.35
b. Topographic (hectares)	-	200	200
3. Exploration Workings			
a. Trenches (no./m-dhe)	105/2,625	105/2,625	210/5,250
b. Test Pits (no./m-dhe)	105/525	105/525	210/1,050
c. Auger Drilling (no./m-dhe)	126/1,890	126/1,890	252/3,780
d. Diamond Drilling (no./m-dhe)	17/1,275	17/1,275	34/2,550
e. Inclined Shaft (no./m-dhe)	2/300	2/300	4/600
Financial Commitment:	P8,257,000	P9,430,000	P17,687,000

In the event the Parent Company fails to spend the minimum agreed expenditures on the area, the Parent Company shall pay the Philippine Government the amount it was supposed to spend in accordance with the COC but which the Parent Company did not spend in direct prosecution of the work activities.

Note 25 – Mines Operating Agreement (MOA)

On November 18, 2005, the Company entered into an MOA with PHSAMED, a Davao City-based joint venture company formed by Philsaga Mining Corporation, a Filipino mining venture, and Medusa Mining Limited of Australia. The MOA covers an estimated total tenement area of 8,100 hectares or 121 mining rights, and governed by the Company's Exploration Permit Application (EPA) # 000028-XIII. The salient features of the MOA are as follows:

a. PHSAMED will spend sufficient funds to comply with the tenement's minimum work expenditure as soon as the EPA or any subsequent MPSA has been granted;
b. PHSAMED will conduct detailed surface and underground exploration through drilling and other activities;
c. Upon recommendation by PHSAMED, the Company will apply for Small Scale Mining Permits (SSMP) over parts of the projects as designated by PHSAMED, provided that the same terms are applied to these SSMPs as with those of other tenements under the MOA;
d. PHSAMED will be the operator of the project;
e. In consideration of the MOA, PHSAMED will pay to the Company, as the owner of EPA, a total of 3% gross royalty on all gold and silver production; and
f. PHSAMED will be responsible for all rehabilitation work required as a result of PHSAMED's operations during the MOA period.

On January 26, 2009, the Company terminated the MOA with PHSAMED due to alleged violations of the agreement. However, both parties are willing to discuss a new agreement mutually beneficial to them.

Note 26 – Joint Venture Agreement (JVA)

PRIDE represented Omnicor and its subsidiaries in a JVA with Solar Resources, Inc. (Solar), executed on February 18, 2007 involving a property owned by Omnicor amounting to P42,163,200. The pertinent terms of the JVA are as follows:

- Solar undertakes to develop the property into a residential/commercial subdivision;
- Solar shall, as soon as practicable, start the construction and development work in the project after all the necessary permits and clearances to commence development works shall have been completely secured;
- Solar shall develop the project by way of phases and commits to complete all construction and development works on each phase within three (3) years or longer from the commencement thereof but the period maybe shortened or lengthened depending on the sales performance of the project;
- Expenses in securing the approval from the Department of Agrarian Reform of the land conversion of the properties to residential/commercial use, or its exemption from conversion shall be shared by Solar and PRIDE on a 65%-35% ratio;
- As and by way of return on the respective contributions of the parties, the net saleable area in the residential/commercial subdivision shall be divided between Solar and PRIDE on a 65%-35% ratio; and
- As part of the JVA, PRIDE shall acknowledge the receipt of P10 million from Solar as cash advance from the joint venture. This cash advance shall be paid by PRIDE to the

joint venture thru successive deductions from any and all collections received from the sale of PRIDE's 35% lot share in the project. Advances received as of December 31, 2008 amounted to P9,500,000.

Note 27 – Heads of Agreement

On September 24, 2008, the Parent Company entered into a Heads of Agreement (the Agreement) with Music Semiconductors Corporation (Music) and Lodestar Investment Holdings Corporation (Lodestar) whereby Music and Lodestar desire to jointly acquire and own all issued and outstanding shares of AbaCoal and operate the coal property under its name. The salient terms of the Agreement are as follows:

a. The consideration for the sale of all issued and outstanding shares of AbaCoal shall be in the form of cash and shares of stock of Music and Lodestar for a total amount of P300,000,000;

b. The cash component shall be effected in staggered payments for a total amount of P75,000,000 as follows:

Period of Payment	Amount
Upon signing of the Agreement	P15,000,000
Within 25 days after signing	15,000,000
Upon consummation of the first sale of coal products	20,000,000
30 days after the consummation of the first sale of coal products	25,000,000
	P75,000,000

The amounts to be paid and taken from the sale of the initial production of the coal products from the coal property shall not be later than 121 days after execution of the Agreement.

As of December 31, 2008, the Parent Company received only P15,000,000 from Music and Lodestar in relation to the Agreement.

c. The stock component of the total consideration of P300,000,000 shall be the shares of stock of Music and Lodestar with a combined market value of P225,000,000. The shares to be issued shall come from new issuances from increases in their respective authorized share capital based on a 55%-45% sharing scheme;

d. The price of the shares to be issued to the Parent Company shall be the respective 90-day moving averages of the shares of Music and Lodestar on the 90-day period prior to June 30, 2009.

e. Music and Lodestar shall have the option to conduct a technical, legal and financial due diligence within 90 days from execution of the Agreement to determine the technical and commercial viability of the shares and assets of AbaCoal and to determine and evaluate whether the coal property can fully operate and produce with all the proper permits and licenses required for the purpose.

   The Parent Company shall likewise have the right and option to conduct a technical, legal and financial due diligence of Music and Lodestar within 90 days from execution of the Agreement;

f. On or before June 30, 2009, Music and Lodestar shall determine the Parent Company's compliance with the terms of the Agreement. Should Music and Lodestar proceed with the purchase of all issued and outstanding AbaCoal shares, all parties shall execute the necessary Subscription and/or Share Purchase Agreements and other documents and agreements as may be required to effect the acquisition;

g. The Agreement shall be terminated upon a written notice by Music and Lodestar to the Parent Company that the purchase of AbaCoal shares shall not proceed when the results of the due diligence indicate unfavorable results or for breach of warranties. If any party fails to initiate action on any commitment, obligation and/or program within 90 days from execution, the Agreement shall likewise be terminated; and

h. In the event of termination, the Parent Company shall reimburse any and all amounts paid by Music and Lodestar, without the need of court action and immediately upon written demand, with interest rate of 12% per annum. If after 30 days, the Parent Company has not paid all amounts required to be reimbursed together with the interest thereon, it shall be converted to the Parent Company's listed shares which shall be determined by 65% of the 90-day moving average revoked from the date of demand.

Note 28 – Financial Risk Management, Policies and Objectives

The Group is exposed to variety of financial risks, which result from its operating, financing and investing activities. The Group's principal financial instruments comprise of cash and cash equivalents, loans receivable, deposit liabilities, loans and bills payable and advances to and from related parties. The main purpose of these financial instruments is to earn income and raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and accounts payables and accrued expenses, which arise directly from operations.

The Group's financial risk management policies and guidelines cover credit risk, interest rate risk, liquidity risk and market risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's financial position and results of operations. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principles.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group is mainly exposed to credit risk through its cash in bank, trade and other receivables, loans receivable and advances to related parties. The Group, from time to time, grants advances to related parties. However, it monitors the balances of advances and collects them promptly.

The details of the Group’s maximum exposure to credit risk as of December 31, 2008 and 2007 are as follows:

	2008	2007
Trade and other receivables	**P13,960,760**	P4,987,269
Advances to related parties	**109,798,635**	436,858
Loans receivable	**-**	56,278,376
	P123,759,395	P61,702,503

The details of the Group’s aging analysis of financial assets as of December 31, 2008 and 2007 are as follows:

			Past due but not impaired						
December 31, 2008	**Total**	**Neither past due nor impaired**	**≤30 days**	**31 – 90 days**	**91 – 180 days**	**181 – 360 days**	**1 – 3 years**	**< 3 years but not impaired**	**Impaired**
Advances to related parties	P109,798,635	P109,798,635	P-	P-	P-	P-	P-	P-	P-
Trade and other receivables	13,960,760	10,446,279	233,607	2,855,052	125,822	-	300,000	-	-
	P123,759,395	**P120,244,914**	**P233,607**	**P2,855,052**	**P125,822**	**P-**	**P300,000**	**P-**	**P-**
December 31, 2007									
Advances to related parties	P436,858	P2,035,821	P-	P-	P-	P-	P-	P-	P-
Trade and other receivables	4,987,269	1,671,858	-	-	-	3,315,411	-	-	-
Loans receivable	56,278,376	42,330,100	-	-	-	-	10,484,903	-	3,463,373
	P61,702,503	P44,001,958	P-	P-	P-	P3,315,411	P10,921,761	P-	P3,463,373

Liquidity Risk

Liquidity risk refers to the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group is mainly exposed to liquidity risk through its maturing liabilities. The Group has a policy of regularly monitoring its cash position to ensure that maturing liabilities will be adequately met.

The maturity analysis of the Group’s financial liabilities as of December 31, 2008 and 2007 are as follows:

December 31, 2008	**Total**	**On demand up to one month**	**1 to 3 months**	**3 months to one year**	**More than 1 year to 5 years**	**More than 5 Years**
Accounts payable and accrued expenses	P22,080,712	P10,668,946	P399,960	P11,011,806	P-	P-
Advances from related parties	686,492	686,492	-	-	-	-
Advances from heads of agreement	15,000,000	-	-	15,000,000	-	-
Advances from joint venture	9,500,000	-			9,500,000	-
Loans payable	41,342,400	-	-	-	41,342,400	-
	P88,609,604	**P11,355,438**	**P399,960**	**P26,011,806**	**P50,842,400**	**P-**

December 31, 2007						
Accounts payable and accrued expenses	(35,206,684	P-	P-	P35,206,684	P-	P-
Advances from related parties	16,617,899	-	-	-	16,617,899	-
Deposit liabilities	53,301,272	-	-	53,301,272	-	-
Bills payable	21,170,950	-	-	21,170,950	-	-
Loans payable	54,721,933	-	-	51,271,895	3,450,038	-
Rental deposit payable	120,712	-	-	-	120,712	-
	P181,139,450	P-	P-	P160,950,801	P20,188,649	P-

Note 29 – Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder value.

The Parent Company's BOD and management have overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business operations and industry.

The Group monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, loans payable, rental deposit payable, bills payable, income tax payable, advances from related parties and deferred tax liability. The Group reports its total equity as the capital it manages. This comprises all components of equity including share capital, retained earnings and minority interest. The Group's equity amounts to P2,192,308,306 and P1,856,976,072 as of December 31, 2008 and 2007, respectively.

There are no changes in the Group's approach to capital management during the year.

The Group is not subject to statutory capital requirement except for PRIDE and RBBI which are subject to minimum capital requirements. PRIDE is in compliance with the statutory minimum capital requirement of P300 million set by the Investment House Law. RBBI is in compliance with the minimum capital requirement of P8 million set by the BSP.

Note 30 – Segment Information

Business Segments

For management purposes, the Group is organized into four business segments – holding company, real estate business, financial services and hotel. These are also the basis of the Group in reporting its primary segment information.

The holding company segments primary engages in purchases, own, hold, transfer, or dispose or real properties of every kind and description, including shares of stocks and other securities, contracts or obligations of any corporation or association.

The real estate segment includes purchases of land for appreciation.

The financial services segment is involved in the accumulation of deposits and extension of rural credits to small farmers and tenants and to deserving rural industries or enterprises.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivable and property, plant and equipment, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and liabilities do not include deferred income taxes.

Inter-segment transactions

Segment revenues, expenses and performance include revenue and expenses between business segments. Such revenues and expenses are eliminated in consolidation.

Business Segments

	Holding		Real Estate		Financial Services		Hotels		Others		*Eliminations*		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
External Revenue	**P18,673,136**	P16,888,557	**P1,315,510**	P5,117,867	**P-**	P12,261,535	**P-**	P362,809	**P1,231,563**	P623,959,691	**P-**	P-	**P21,220,208**	P658,590,459
Results														
Segment results	**(P23,847,774)**	(P16,662,952)	**(P7,131,288)**	P1,448,762	**P-**	P1,960,796	**P-**	(P10,622,404)	**(P7,752,573)**	P577,204,759	**P-**	P-	**(P38,731,635)**	P553,328,961
Gain on revaluation of investment property	**-**	-	**538,878,600**	-	**-**	-	**-**	-	**187,200,000**	-	**-**	-	**726,078,600**	-
Share in net earnings (loss) of associates	**24,355,622**	6,507,138	**(67,895)**	-	**-**	-	**-**	-	**159,375**	39,620,908	**-**	-	**24,447,102**	46,128,046
Provision for (benefit from) income tax	**(326,403)**	2,995,136	**145,980,005**	375,163	**-**	810,453	**-**	6,632,216	**34,052,720**	258,505	**-**	-	**179,706,322**	11,071,473
Net Income (Loss)	**P834,251**	(P13,150,950)	**P385,699,412**	P1,073,599	**P-**	P1,150,343	**P-**	(P17,254,620)	**P145,554,082**	P616,567,162	**P-**	P-	**P532,087,745**	P588,385,534
Assets														
Operating assets	**P348,592,949**	P396,676,961	**P1,029,878,704**	P528,896,566	**P-**	P92,370,391	**P-**	P319,376,287	**P790,745,359**	P666,789,638	**(P115,157,089)**	(P159,965,080)	**P2,054,059,923**	P1,844,144,763
Advances to related parties	**211,371,794**	117,518,011	**201,869,004**	181,153,527	**-**	-	**-**	19,294,088	**40,338,753**	240,201,346	**(343,780,916)**	(557,730,114)	**109,798,635**	436,858
Deferred tax assets	**-**	-	**-**	-	**-**	2,550,713	**-**	16,836,556	**-**	313,886	**-**	-	**-**	19,701,155
Investments in associates	**1,638,093,056**	1,811,343,085	**77,409,105**	69,975,000	**-**	-	**-**	-	**403,396,184**	436,015,165	**(1,566,225,991)**	(1,836,782,646)	**552,672,354**	480,550,604
Other assets	**30,442**	30,442	**647,414**	511,120	**-**	1,226,676	**-**	720,311	**299,499**	276,055	**-**	-	**977,355**	2,764,604
Total Assets	**P2,198,088,241**	P2,325,568,499	**P1,309,804,227**	P780,536,213	**P-**	P96,147,780	**P-**	P356,227,242	**P1,234,779,795**	P1,343,596,090	**(P2,025,163,996)**	(P2,554,477,840)	**P2,717,508,267**	P2,347,597,984
Liabilities														
Operating liabilities	**P25,634,111**	P4,946,928	**P4,003,591**	P2,693,928	**P-**	P76,882,542	**P-**	P12,446,420	**P23,743,120**	P18,353,891	**(P6,679,398)**	(P5,524,091)	**P46,701,424**	P109,799,618
Advances from related parties	**37,252,312**	58,018,300	**164,041,189**	172,396,047	**-**	-	**-**	214,250,672	**118,009,960**	110,478,906	**(318,616,969)**	(538,526,026)	**686,492**	16,617,899
Loans payable	**41,342,400**	35,913,600	**-**	-	**-**	-	**-**	-	**-**	18,808,333	**-**	-	**41,342,400**	54,721,933
Income tax payable	**4,866**	67,021	**10,644**	368,428	**-**	-	**-**	-	**1,160**	4,058	**-**	-	**16,670**	439,507
Deferred tax liability	**2,018,055**	2,349,325	**255,937,235**	109,985,931	**-**	-	**-**	26,875,893	**178,497,685**	169,831,806	**-**	-	**436,452,975**	309,042,955
Total Liabilities	**P106,251,744**	P101,295,174	**P423,992,659**	P285,444,334	**P-**	P76,882,542	**P-**	P253,572,985	**P320,251,925**	P317,476,994	**(P325,296,367)**	(P544,050,117)	**P525,199,961**	P490,621,912
Depreciation	**P298,397**	P474,383	**P-**	P220	**P-**	P181,737	**P-**	P5,238,696	**130,340**	P497,663	**P-**	(P6,030,085)	**P428,737**	P362,614

Note 31 – Financial Instruments

The table below presents a comparison by category of carrying amounts and estimated fair values of the Company's financial assets and liabilities as of December 31, 2008 and 2007:

	2008		2007	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial Assets				
Cash and cash equivalents	**P48,009,654**	**P48,009,654**	P94,973,507	P94,973,507
Due from BSP	**-**	**-**	490,660	490,660
Trade and other receivables	**13,960,760**	**13,960,760**	4,987,269	4,987,269
Advances to related parties	**109,798,635**	**109,798,635**	436,858	436,858
Loans receivable	**-**	**-**	56,278,376	56,278,376
	P171,769,049	**P171,769,049**	P157,166,670	P157,166,670

	2008		2007	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial Liabilities				
Accounts payable and accrued expenses	**P22,080,712**	**P22,080,712**	P35,206,684	P35,206,684
Advances from related parties	**686,492**	**686,492**	16,617,899	16,617,899
Advances from heads of agreement	**15,000,000**	**15,000,000**	-	-
Advances from joint venture	**9,500,000**	**9,500,000**	-	-
Deposit liabilities	**-**	**-**	53,301,272	53,301,272
Bills payable	**-**	**-**	21,170,950	21,170,950
Loans payable	**41,342,400**	**41,342,400**	54,721,933	54,721,933
Rental deposit payable	**120,712**	**120,712**	120,712	120,712
	P88,730,316	**P88,730,316**	P181,139,450	P181,139,450

Note 32 – Leases

The Group has lease agreements that are renewable upon mutual agreement with its lessees as follows:

Lessee	**Lease Period**
Globe Telecom, Inc.	October 10, 2006 – October 9, 2011
Metro Lipa Water District	January 1, 2008 – December 31, 2008

Rent income earned in 2008, 2007 and 2006 amounted to P235,847, P1,938,942 and P750,524, respectively.

The future minimum lease receipts are as follows:

Period	Amount
Less than one year	P254,020
More than one year but less than five years	352,833

Note 33 – Business Combination

In 2007, AbaGT purchased all the outstanding capital stock of five subsidiaries, namely: Alpha, BFI, BPI, BRI and SRC, for P100 million.

The fair value of the identifiable assets and liabilities of the five subsidiaries acquired at the date of acquisition and the corresponding carrying amounts before the acquisition were:

	Fair Value / Carrying Value Realized on Acquisition
Assets	
Cash	**P343,161**
Receivables	**1,061,230**
Inventories	**80,388**
Prepaid expenses	**72,369**
Property and equipment, net	**216,437,000**
Investment properties	**98,822,500**
Advances to related parties	**20,122,091**
Deferred tax assets	**23,383,287**
Other noncurrent assets	**625,533**
Total Assets	**P360,947,559**
Liabilities	
Accounts payable and accrued expenses	**P 8,676,186**
Income tax payable	**57,200**
Advances from related parties	**228,279,006**
Deferred tax liability	**58,660,833**
Total Liabilities	**P295,673,225**
	P65,274,334

Resulting from the acquisition is the recognition of goodwill and excess of the net assets of the acquirees over the cost of the acquisition of P103,140,612 and P68,414,946, respectively.

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE C - NON-CURRENT MARKETABLE EQUITY SECURITIES
OTHER LONG-TERM INVESTMENTS IN STOCK, AND OTHER INVESTMENTS
For the Year Ended December 31, 2008

Name and Designation of Debtor	BEGINNING BALANCE		ADDITIONS		DEDUCTIONS		ENDING BALANCE		Dividends Received from Investment Not Accounted for by the Equity Method
	No. of Shares or Principal Amount of Bonds and Notes	Amount in Pesos	Equity in Earnings (Losses) of Investees for the Period	Other	Distribution of Earnings by Investees	Other	No. of Shares or Principal Amount of Bonds and Notes	Amount in Pesos	
Rural Bank of Batangas, Inc.	-	P-	P229,016	P18,500,000	P-	P-	399,500	P18,729,016	P-
Abacus Global Technovisions, Inc.	-	-	(1,574,623)	44,977,450	-	-	44,977,450	43,402,827	-
Pacific Online Systems Corporation	36,295,522	480,550,604	25,792,709	2,398,654	18,201,456	-	36,295,522	490,540,511	-
Total	**36,295,522**	**P480,550,604**	**P24,447,102**	**P65,876,104**	**P18,201,456**	**P-**	**81,672,472**	**P552,672,354**	**P-**

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE D - ADVANCES TO UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES
December 31, 2008

Name of Affiliates	Beginning Balance	Ending Balance
Blue Stock Development Farms, Inc.	P-	P41,874,402
Montemaria	383,525	-
Quilib Quality Farms, Inc.	33,988	33,119
Miguel Malvar Productions, Inc.	1,500	-
Quilib Cattle Corporation	17,845	870
Abacus Global Technovisions, Inc.	-	55,990,899
Click Communications, Inc.	-	3,557,000
Kapuluan Properties, Inc.	-	2,295
Harborworks International Management Company, Inc.	-	8,340,050
TOTAL	**P436,858**	**P109,798,635**

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E - PROPERTY AND EQUIPMENT
For the Year Ended December 31, 2008

Classification	Beginning Balance	Additions - at cost	Retirements/ Disposals	Other changes- Additions (deductions)	Ending Balance
Land	P84,015,541	P-	P-	(P83,722,000)	P293,541
Buildings and improvement	187,768,308	-	-	(180,540,308)	7,228,000
Machinery and other equipment	21,905,427	274,972	-	(19,310,368)	2,870,031
Total	**P293,689,276**	**P274,972**	**P-**	**(P283,572,676)**	**P10,391,572**

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE F - ACCUMULATED DEPRECIATION
For the Year Ended December 31, 2008

Classification	Beginning Balance	Provisions	Retirements/ Disposals	Other changes- Additions (deductions)	Ending Balance
Land	P-	P-	P-	P-	P-
Buildings and improvement	59,106,559	98,651	-	(52,228,284)	6,976,926
Machinery and other equipment	16,143,224	330,086	-	(14,190,215)	2,283,095
Total	**P75,249,783**	**P428,737**	**P-**	**(P66,418,499)**	**P9,260,021**

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE G - INDEBTEDNESS TO AFFILIATES
December 31, 2008

Name of Affiliates	Beginning Balance	Ending Balance
Blue Stock Development Farms, Inc.	P16,000,000	P87,294
Mojica Realty Corporation	519,139	519,139
Candor Realty Corporation	52,904	52,904
Agri-works Industrial, Inc.	45,856	-
Quilib Quality Farms, Inc.	-	27,155
Total	**P16,617,899**	**P686,492**

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE H - LONG TERM DEBT
December 31, 2008

Name of Issuer and Type of Obligation	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Long Term	Remarks
Agrodynamics Farms (Texas), Inc.	P41,342,400	P-	P41,342,400	

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES

Schedule I - CAPITAL STOCK
December 31, 2008

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions and Other rights	Number of Shares Held By		
				Affiliates	Directors Officers and Employees	Others
Common share	3,000,000,000	1,704,483,470	-	156,718,906	11,731,189	1,536,033,375

Board of Directors*

Chairman:	Jose V. Romero, Jr.
Vice-Chairman:	Manuel A. De Leon
Members:	
	Calixto Y. Laureano
	Ricardo C. Leong
	Martha R. Horrigan
	Willy N. Ocier
	William Y. Tieng
	Clarita T. Zarraga
	Leonardo S. Gayao
	Danilo S. Venida (Independent)
	Gonzalo G. Puyat (Independent)

* As of December 31, 2008

Corporate Officers*

Clarita T. Zarraga	*President*
Leonardo S. Gayao	*Vice President-Legal*
Iluminado B. Montemayor	*Vice President-Treasurer*
Joaquin E. San Diego	*Corporate Secretary*

* As of December 31, 2008

Auditors

BDO Alba Romeo & Co.

Transfer Agent

Fidelity Stock Transfers, Inc.

Corporate Governance

The Company's governance rules are embodied in its articles of incorporation, its corporate by-laws, and its Manual of Corporate Governance (the "Manual"). The Manual specifies the role of the Board and of the other governing bodies of the Company and provides for compliance procedures. The Company fully complies with the provisions of the Manual. There were no deviations from the Manual during the reporting period.

The Board has constituted three principal governance committees: the Nomination Committee, the Compensation and Remuneration Committee, and the Audit Committee. There were no changes in the Company's governance structures and practices during the reporting period.

The Corporate Secretary, in his role as Compliance Officer, coordinates with the Chairman and other members of the Board in monitoring and ensuring the compliance of the Board, officers and employees with the Manual.

The Company participates in the Corporate Governance Survey conducted by the Securities and Exchange Commission, the Philippine Stock Exchange and the Institute for Corporate Directors.

The Company has its own website, which can be accessed at www.abacusconsolidated.com. Disclosures submitted to the SEC and PSE, including corporate governance reports, can be accessed at the Company's website.

Contact Information

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